

OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin Department of Administration to provide information about the Certificates. Selected information is presented on this cover page for the convenience of the reader. To make an informed investment decision, a prospective investor should read the entire Official Statement. Unless indicated, capitalized terms have the meanings given in the Official Statement.

\$45,035,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2002, SERIES A

Evidencing Proportionate Interests of the Owners Thereof in

Certain Lease Payments to be Made by the

STATE OF WISCONSIN

Acting by and through the Department of Administration

Dated: Delivery Date

Maturities: March 1 and September 1, as shown below

State Budget	APPENDIX A includes revised general-fund revenue estimates from the Legislative Fiscal Bureau that result in projected negative closing balances for the 2001-02 and 2002-03 fiscal years. This information was neither available nor included in the Preliminary Official Statement.
Underlying Ratings	AA- Fitch A1 Moody's Investors Service, Inc. AA- Standard & Poor's Ratings Services
Tax Exemption	Interest on the Certificates is excluded from gross income and is not an item of tax preference for federal income tax purposes. Interest on the Certificates is subject to State of Wisconsin income and franchise taxes— <i>See pages 10-12.</i>
Redemption	<i>Optional</i> —The Certificates are not subject to optional redemption. <i>Mandatory</i> —The Certificates are subject to mandatory redemption at par upon termination of any Lease Schedule resulting from Nonappropriation or upon an Event of Default— <i>See page 3.</i>
Security	Certificates are secured by lease payments under the Master Lease Program. All series of master lease certificates of participation issued under the Program are ratably secured by a common pool of collateral. An Event of Default or Nonappropriation under any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation — <i>See pages 6-8.</i>
Purpose	Provide fixed-rate funding for Lease Schedules previously financed through a variable-rate, taxable revolving line of credit and for an additional Lease Schedule originated on the delivery date of the Certificates— <i>See page 4.</i>
Interest Payment Dates	March 1 and September 1
First Interest Payment Date	September 1, 2002
Denominations	\$5,000
Closing/Delivery/Settlement	January 23, 2002
Bond Counsel	Foley & Lardner
Trustee/Registrar/Paying Agent	U.S. Bank National Association
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us
Book-Entry-Only Form	The Depository Trust Company— <i>See pages 4-6.</i>
Annual Report	This Official Statement incorporates by reference certain parts of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001.

The Certificates were sold at competitive sale on January 15, 2002. The interest rates payable on the Certificates, which are shown below, resulted from bids received at this competitive sale.

CUSIP	Date	Principal Amount	Interest Rate	First Optional Redemption
977087 CU7	September 1, 2002	\$ 4,760,000	2.25%	Not Callable
977087 CV5	March 1, 2003	4,960,000	2.25	Not Callable
977087 CW3	September 1, 2003	4,935,000	2.50	Not Callable
977087 CX1	March 1, 2004	4,185,000	3.00	Not Callable
977087 CY9	September 1, 2004	3,595,000	3.00	Not Callable
977087 CZ6	March 1, 2005	2,600,000	3.25	Not Callable
977087 DA0	September 1, 2005	2,555,000	3.25	Not Callable
977087 DB8	March 1, 2006	2,170,000	3.50	Not Callable
977087 DC6	September 1, 2006	1,615,000	3.50	Not Callable
977087 DD4	March 1, 2007	880,000	3.75	Not Callable
977087 DE2	September 1, 2007	12,780,000	3.75	Not Callable

Purchase Price: \$45,237,460.15

January 15, 2002

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (**Financial Security**) for the Certificates. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Underwriters and Financial Security.

This document is the “official” statement—that is, it contains the only authorized information about the offering of the Certificates. This document isn’t an offer or solicitation for the Certificates, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document isn’t a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the Certificates, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State’s permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

The estimates, forecasts, projections, and opinions in this document aren’t hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Certificates other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the Certificates does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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**PARTICIPANTS IN THE
ISSUANCE AND SALE OF
MASTER LEASE CERTIFICATES OF PARTICIPATION**

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SUMMARY DESCRIPTION OF CERTIFICATES

Selected information is presented on this page for the convenience of the reader. To make an informed investment decision, a prospective investor should read the entire Official Statement.

Principal Amount:	\$45,035,000
Denominations:	\$5,000 and integral multiples
Date of Issue:	Date of delivery
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing September 1, 2002.
Maturities:	March 1 and September 1, commencing September 1, 2002 and ending September 1, 2007.
Redemption:	<i>Optional</i> —The Certificates are not subject to optional redemption. <i>Mandatory</i> —The Certificates are subject to mandatory redemption at par upon termination of any Lease Schedule resulting from Nonappropriation or upon an Event of Default— <i>See page 3.</i>
Form:	Book-entry-only— <i>See pages 4-6.</i>
Paying Agent:	All payments of principal and interest on the Certificates will be paid by U.S. Bank National Association, as Trustee. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Certificates and all other outstanding master lease certificates of participation are secured by lease payments under the Master Lease Program. All series of master lease certificates of participation issued under the Master Lease Program are ratably secured by a common pool of collateral. An Event of Default or Nonappropriation under any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation. As of January 1, 2002, the principal amount of all outstanding master lease certificates of participation was \$93.4 million— <i>See pages 6-8.</i>
Bond Insurance:	The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (Financial Security) for the Certificates. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Underwriters and Financial Security.
Authority for Issuance:	The State entered into the Master Lease under Section 16.76 of the Wisconsin Statutes.
Purpose:	To provide fixed-rate funding for Lease Schedules previously financed through a variable-rate, taxable line of credit and for an additional Lease Schedule originated on the delivery date of the Certificates — <i>See page 4.</i>
Additional Certificates:	Additional master lease certificates of participation may be issued.
Tax Exemption:	Interest on the Certificates is not included in gross income and is not an item of tax preference for federal income tax purposes— <i>See pages 10-12.</i> Interest on the Certificates is subject to State of Wisconsin income and franchise taxes— <i>See page 12.</i>
Legal Opinion:	Validity and tax opinion for the Certificates to be provided by Foley & Lardner— <i>See page C-1.</i>

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\$45,035,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2002, SERIES A

Evidencing Proportionate Interests of the Owners Thereof in
Certain Lease Payments to be Made by the

STATE OF WISCONSIN

Acting by and through the Department of Administration

INTRODUCTION

This Official Statement sets forth information concerning the \$45,035,000 Master Lease Certificates of Participation of 2002, Series A (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease, dated April 28, 2000 (**Master Lease**) between Firststar Bank, National Association, as lessor, and the State, acting by and through the Department of Administration (**Department**), as Lessee.

The Certificates are issued and secured by the **Master Indenture**, dated July 1, 1996, among the State, acting by and through the Department, Firststar Bank, Milwaukee, N.A., and Firststar Trust Company, and a **Supplemental Indenture**, dated January 15, 2002, among the State, acting by and through the Department, U.S. Bank National Association, as successor to Firststar Bank, National Association (**Lessor**), and U.S. Bank National Association, as successor to Firststar Trust Company (**Trustee**). The Master Indenture established a trust that consists of Lease Schedules, Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted by the Master Lease (**Trust**). *The Trust serves as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Lease Program (Program).*

The State is required under the Master Lease to make Lease Payments from any source of legally available funds, subject to annual appropriation, and the scheduled Lease Payments are sufficient to pay, when due, the semiannual principal and interest on the then outstanding master lease certificates of participation. *The obligation of the State to make Lease Payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State.*

This Official Statement includes by reference Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 (**2001 Annual Report**).

In connection with the issuance and sale of the Certificates, the Department has prepared this Official Statement, which contains information furnished by the State or obtained from the sources indicated. Capitalized terms not defined in this Official Statement have the meanings provided in the Master Lease and Master Indenture.

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 18th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State, and its financial condition, is included as **APPENDIX A**, which includes by reference Part II of the 2001 Annual Report.

APPENDIX A also includes significant information that was not in the Preliminary Official Statement.

- On January 16, 2002, the Legislative Fiscal Bureau provided revised estimates of general-fund revenues that result in projected negative ending balances for both the 2001-02 and 2002-03 fiscal years. **See page A-2.**

APPENDIX A also includes a correction to the actual 2000-01 fiscal year revenues and expenditures presented in Tables II-11 and II-12 of the 2001 Annual Report.

Requests for additional information about the State may be directed to:

Contact: Capital Finance Office
Attn: Capital Finance Director
Phone: (608) 266-2305
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: capfin@doa.state.wi.us

THE MASTER LEASE PROGRAM

The Department created the Program in 1992, and the Program permits the State to acquire tangible property, and in certain situations, intangible property or prepaid service items (**Leased Items**), for all State agencies through installment purchase contracts. As of January 1, 2002, the principal amount of all outstanding master lease certificates of participation was \$93.4 million. Information concerning the Program, Master Lease, Events of Default under the Master Lease, Master Indenture, Lease Schedules, and master lease certificates of participation is included as **APPENDIX B**, which includes by reference Part IV of the 2001 Annual Report.

Requests for additional information about the Program may be directed to:

Contact: Capital Finance Office
Attn: Capital Finance Director
Phone: (608) 266-2305
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: capfin@doa.state.wi.us

THE CERTIFICATES

General

The front cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for the Certificates. Certificates will mature on September 1, 2002 and semiannually thereafter on March 1 and September 1 of each year.

The Certificates will be dated their date of delivery and will bear interest from that date payable on September 1, 2002 and semiannually thereafter on March 1 and September 1 of each year. Interest on the Certificates will be computed on the basis of a 30-day month and a 360-day year. Principal of and interest on each Certificate will be payable to the registered owner of the

Certificates, which initially will be a nominee of The Depository Trust Company, New York, New York (DTC).

The Certificates are issuable as fully registered certificates without coupons in denominations of \$5,000 principal amount or any integral multiple thereof.

Redemption Provisions

Optional Redemption

The Certificates are not subject to optional redemption.

Mandatory Redemption

The Certificates are subject to mandatory redemption, at a redemption price of 100% of the principal of the Certificates to be redeemed, plus accrued interest to the redemption date, upon termination of a Lease Schedule resulting from Nonappropriation or upon an Event of Default.

Selection of Certificates

If the Certificates are in book-entry-only form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the Certificates affected thereby shall be made solely by DTC and its Direct Participants and Indirect Participants in accordance with their then prevailing rules. If the Certificates are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the Certificates are in book-entry-only form, the Trustee will send a notice of the redemption of any Certificates to the securities depository not less than 30 days and not more than 45 days before the redemption date. The Trustee may revoke a notice of redemption by sending notice to the securities depository not less than 15 days before the proposed redemption date.

In the event that the Certificates are outstanding in certificated form, a notice of the redemption of any of said Certificates shall be mailed, postage prepaid, not less than 30 and not more than 45 days before the date of redemption to the registered owners of any Certificates to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice shall not affect the validity of any proceedings for the redemption of the Certificates. Interest on any Certificates so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for. A notice of redemption may be revoked by mailing, postage prepaid, not less than 15 days prior to the proposed date of redemption to the registered owners of any Certificates to have been redeemed, but such mailing shall not be a condition precedent to such revocation and failure to mail any such notice shall not affect the validity of such revocation.

Underlying Ratings

At the State's request, several rating agencies have rated the Program and Certificates:

<i>Underlying Rating</i>	<i>Rating Agency</i>
AA-	Fitch
A1	Moody's Investors Service, Inc.
AA-	Standard and Poor's Ratings Services.

Any explanation of the significance of a rating may only be obtained from the rating service furnishing that rating. There is no assurance a rating given to the Certificates will be maintained

for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may have an adverse effect on the market price of the Certificates.

Sources and Uses of Funds

The Certificates are being issued for the purpose of providing fixed-rate funding for Lease Schedules previously financed through a variable-rate, taxable line of credit and for an additional Lease Schedule originated on the delivery date of the Certificates.

The proceeds to be received from the sale of the Certificates (other than accrued interest, if any, which will be deposited in the Certificate Payment Fund) are expected to be applied, as follows:

Sources:	
Principal Amount of Series A Certificates	\$45,035,000.00
Original Issue Premium.....	<u>333,061.65</u>
Total Sources	<u>\$45,368,061.65</u>
Uses:	
Funding of Lease Schedules	\$45,153,180.37
Cost of Issuance	84,279.78
Underwriter's Discount.....	<u>130,601.50</u>
Total Uses	<u>\$45,368,061.65</u>

Book-Entry-Only Form

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Certificate will be issued for each maturity set forth on the **front cover**, each in the principal amount of such maturity, and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**) (the Indirect Participants and Direct Participants are collectively referred to as **Participants**). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or

Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Certificates will be made to DTC by the Trustee. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of the State, Trustee or DTC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered at the expense of the State.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC; the State and Trustee take no responsibility for its accuracy.

No assurance can be given by the State or Trustee that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the Certificates.

The State and Trustee assume no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Certificates.

Similarly, no assurance can be given by the State or Trustee that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

Registration and Payment of Certificates

So long as the Certificates are in book-entry-only form, payment of principal due on the Certificates shall be made by wire transfer to the securities depository or its nominee upon their presentation and surrender at the principal office of the Trustee, which shall be the Registrar and Paying Agent on the Certificates. Payment of interest due on the Certificates shall be made by wire transfer to the securities depository or its nominee shown in the registration books at the close of business on the 15th day (whether or not a business day) of the month next preceding such interest payment date (**Record Date**) on the payment date.

When the Certificates are in certificated form, payment of principal due on the Certificates shall be made by check or draft issued upon their presentation and surrender at the principal office of the Paying Agent. Payment of interest due on the Certificates shall be made by check or draft mailed to the registered owner shown in the registration books on the Record Date.

SECURITY FOR CERTIFICATES

General

The Certificates represent a proportionate interest in certain Lease Payments to be made by the State under the Master Lease. The State is required under the Master Lease to make Lease Payments from any source of legally available funds, subject to annual appropriation, and the scheduled Lease Payments are sufficient to pay when due the semiannual principal and interest payments on all then outstanding master lease certificates of participation. *The obligation of the State to make Lease Payments does not constitute an obligation for which the State is obligated to levy or pledge any form of taxation or for which the State has levied or pledged any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State or any of its political subdivisions. See “RISK FACTORS; Nonappropriation”.*

Common Pool of Collateral

Under the Master Indenture, the Lessor has assigned to the Trustee, for the benefit of all master lease certificate of participation holders, all its rights in the funds and accounts created by the Master Indenture, the Lease Schedules specified in Supplemental Indentures, and all Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted in the Master Lease.

All Leased Items serve as a common pool of collateral, ratably securing all master lease certificates of participation issued under the Program. All master lease certificates of participation are secured by all Leased Items, regardless of their funding source or the time at which they are financed by the Program. An Event of Default or Nonappropriation under any Lease Schedule constitutes an Event of Default under all outstanding master lease certificates of participation, so any remedial action affects all master lease certificates of participation equally. Once a Lease Schedule is fully paid, the applicable Leased Item no longer serves as collateral.

In the opinion of Bond Counsel, the transfer of Lease Schedules by the Lessor to the Trustee constitutes a true sale and not a secured transaction. The State’s obligation to make Lease

Payments does not depend upon any service provided by the Lessor, and thus the transfer of Lease Schedules would be unaffected by any insolvency of the Lessor.

Reserve Fund

The Master Indenture allows for the funding of a reserve fund for any specific series of master lease certificates of participation. No reserve fund has been established for the Certificates. As of January 1, 2002, no reserve funds apply to any outstanding master lease certificates of participation. In the event that the Department establishes a reserve fund under the Master Indenture, the amounts in the reserve fund will only be available to the series of master lease certificates of participation for which the reserve fund is authorized.

Governmental Use

The State will certify that each Leased Item will be used to perform a governmental function. Though the State does not certify them as such, some of those functions may be considered “essential” government functions. Examples of Leased Items currently existing in the Trust include expansion of the State’s central mainframe computer, various information technology items that provide various automated services and information technology upgrades for the State, and energy conservation projects for State-owned buildings. See **APPENDIX B** for a detailed listing of all outstanding Lease Schedules.

Centralized Control and Review

The Program structure allows one division (the Division of Executive Budget and Finance) within the Department to centrally administer many Program activities. Program functions related to administration, review, and day-to-day operations occur in the Capital Finance Office. Program functions related to review and biennial budget preparation occur in the State Budget Office. Program functions related to collection of Lease Payments occur in the State Controller’s Office.

Two-Phase Financing Structure

The State currently uses a two-phase financing structure for the Program. In the first (or acquisition) phase, all Leased Items are initially financed with proceeds from a revolving credit facility. The revolving credit facility is a line of credit, and the State, acting on behalf of the Trustee, requests draws from the revolving credit facility only for amounts equal to invoices presented to the Program for payment. A master lease certificate of participation has been issued to the current provider of this revolving credit facility, Bank of America NT&SA, evidencing the State’s repayment of balances under the facility. The State pays interest on funds provided by the facility based on a variable, taxable interest rate. Use of this line-of-credit approach eliminates any nonorigination risk for the second phase since an obligation is created only after the Leased Item has been installed and accepted and an invoice has been presented for payment.

In the second phase, the State, acting on behalf of the Trustee, sells additional master lease certificates of participation to refinance the revolving credit facility with proceeds of a fixed-rate, and most often tax-exempt, financing. All sources of financing for the Program are issued under the Master Indenture. See “**SECURITY FOR CERTIFICATES; Common Pool of Collateral**”.

Appropriation Process

The central control of the Program provides the State Budget Office with knowledge of all past, current, and pending scheduled Lease Payments due under the Master Lease. Lease Payments due under the Master Lease are not included in the State budget as a separate budget line item; rather, Lease Payments are included with other expenditures in one or more of an agency’s existing budget lines. The Secretary of the Department of Administration (**Secretary of Administration**), under the direction of the Governor and with assistance from the State Budget

Office, compiles all budget information and prepares an executive budget consisting of the planned operating expenditures and revenues of all State agencies.

State law establishes procedures for establishing and enacting a State budget. State law also provides that in the event a budget is not in effect at the start of a fiscal year, the prior year's budget serves as the budget until such time a new budget is enacted.

The Secretary of Administration has statutory power to order reductions in the appropriations of state agencies (which represent less than one-fourth of the General Fund budget). See [“BUDGETING PROCESS AND FISCAL CONTROLS” in Part II of the 2001 Annual Report](#) for additional information on the State's budget process.

Priority of Claims

The Master Lease includes representations that, if an emergency arises that requires the Department of Administration to draw vouchers for payment which will be in excess of available moneys and the Secretary of Administration establishes a priority schedule for payments under Section 16.53 (10) of the Wisconsin Statutes, the Secretary of Administration shall give high priority to payment of Lease Payments, but not higher than the priority given to payments on outstanding general obligation bonds, outstanding State notes, and State employee payrolls. Before the Secretary of Administration may establish a priority schedule for payments, the Secretary of Administration is required to consult with the State Treasurer and notify the Legislature's joint committee on finance. The Secretary of Administration may not proceed with the priority schedule until the Legislature's joint committee on finance has either (1) held a meeting to review the proposal, scheduled within 2 working days after notification of the priority schedule or (2) not scheduled a meeting to review the proposal within 2 working days after notification of the priority schedule.

RISK FACTORS

Nonappropriation

The State's obligation to make Lease Payments is subject to appropriation of the necessary funds by Legislature. No assurance is given that sufficient funds will be appropriated or otherwise will be available to make the Lease Payments. A failure by the State to make a Lease Payment with respect to any Leased Item would cause the Master Lease to terminate with respect to all Leased Items. The State's obligation to make Lease Payments is not a general obligation of the State, and moreover, the obligation does not involve the State of Wisconsin Building Commission. Rather, the Master Lease is a contract entered into by the Department of Administration under separate statutory authority.

The Master Lease does not include a nonsubstitution clause. If the Legislature fails to appropriate necessary funds for the continued performance of the State's obligations under the Master Lease (**Nonappropriation**), the State is allowed to acquire and use similar equipment or a similar service contract for the same function as the equipment or service contract for which the Legislature failed to make an appropriation.

While it is possible that failure to make the Lease Payments would thereafter hinder the State's access to the capital markets, it should not be assumed that the Legislature would regard that possible consequence as a compelling reason to make the appropriations needed for Lease Payments. See [“SUMMARY OF THE MASTER LEASE” and “SUMMARY OF THE MASTER INDENTURE” in Part IV of the 2001 Annual Report](#) for additional information about remedies available under the Master Lease and Master Indenture upon an event of Nonappropriation.

Essential Use of Leased Items

Although the State has made certain representations that each Leased Item serves a governmental function, and some of those functions may be considered “essential” government functions, it should nevertheless be assumed that the State could function without any of the Leased Items.

Security Interest in Leased Items

Although the State has provided a security interest in the Leased Items to the Trustee (for the benefit of the owners of the master lease certificates of participation), the Certificates are not offered on the basis of the collateral value of the Leased Items or value of any other pledged asset (other than the Lease Payments). The term of the Lease Schedule is not permitted to exceed the useful life of the Leased Item; however, it should not be assumed that the value of the Leased Item at any time will exceed the portion of the remaining Lease Payments that will be applied to principal or that the existence of such an excess would motivate the State to continue making Lease Payments. Typically it is difficult to realize the full value of collateral through sale of the collateral, and some of the Leased Items, such as service contracts, intangible property, or tangible property that is incorporated into real estate, may be impossible or difficult to sell. Records that evidence the security interests are kept by the Department of Administration, separate and apart from the central record system of security interest kept by the Department of Financial Institutions under the Uniform Commercial Code.

Tax Exemption

Should the Master Lease be terminated, there is no assurance that subsequent payments made by the Trustee with respect to the Certificates and designated as interest will be excluded from gross income for federal income tax purposes.

Applicability of Securities Law

Should the Master Lease be terminated, the transfer of a master lease certificate of participation may be subject to compliance with the registration provisions of applicable federal and state securities laws, which could impair the liquidity of a master lease certificate of participation.

OTHER INFORMATION

Borrowing Plans for 2002

No other master lease certificates of participation issues for the Program have been, or are expected to be, issued this calendar year.

Underwriting

The Certificates were purchased at competitive bidding on January 15, 2002 by the following syndicate (**Underwriters**): Salomon Smith Barney, Inc., book-running manager; UBS PaineWebber Inc.; First Albany Corporation; Axelrod Associates, Inc.; Banc of America Securities LLC, M.R. Beal & Company; William Blair & Company, L.L.C.; A.G. Edwards & Sons, Inc.; Hutchinson, Shockey, Erley & Co.; Isaak Bond Investments, Inc.; Kirlin Securities, Inc.; Morgan Keegan & Co., Inc.; Pryor, Counts & Co., Inc.; Raymond James & Associates; South Trust Securities, Inc.; Stephens Inc.; Sterne, Agee & Leach, Inc.; in association with Harris Trust and Savings Bank.

The purchase price paid by the Underwriters was \$45,237,460.15. The true interest cost rate to the State, after the State adjusted the amortization of the Certificates as provided for in the Official Notice of Sale, was 3.247747%. The sale of the Certificates was awarded based on a true interest cost rate of 3.242989%, determined before the State adjusted the amortization and par amount of the Certificates.

Reference Information About the Certificates

The following table and the [table on the front cover](#) of this Official Statement include information about the Certificates and are provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the Underwriters, which allow the computation of yield for federal tax law compliance.

\$45,035,000

Master Lease Certificates of Participation of 2002, Series A

Dated and Delivery Date: January 23, 2002

First Interest Date: September 1, 2002

CUSIP	Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Redemption Date
977087 CU7	September 1, 2002	\$ 4,760,000	2.25%	1.45%	100.479%	Not Callable
977087 CV5	March 1, 2003	4,960,000	2.25	1.79	100.500	Not Callable
977087 CW3	September 1, 2003	4,935,000	2.50	1.88	100.975	Not Callable
977087 CX1	March 1, 2004	4,185,000	3.00	2.31	101.408	Not Callable
977087 CY9	September 1, 2004	3,595,000	3.00	2.41	101.479	Not Callable
977087 CZ6	March 1, 2005	2,600,000	3.25	2.97	100.822	Not Callable
977087 DA0	September 1, 2005	2,555,000	3.25	3.00	100.846	Not Callable
977087 DB8	March 1, 2006	2,170,000	3.50	3.30	100.759	Not Callable
977087 DC6	September 1, 2006	1,615,000	3.50	3.33	100.717	Not Callable
977087 DD4	March 1, 2007	880,000	3.75	3.67	100.366	Not Callable
977087 DE2	September 1, 2007	12,780,000	3.75	3.67	100.399	Not Callable

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (Financial Security) for the Certificates. Further information on this Commitment and the Municipal Bond Insurance Policy can be obtained from the Underwriters and Financial Security.

Financial Advisor

Public Financial Management, Inc., Boston, Massachusetts, has served as a financial advisor to the State with respect to the issuance and sale of the Certificates. The financial advisor assisted the State in the preparation of this Official Statement and provided other advice on the structuring of the Certificates and the Program. Public Financial Management, Inc. is an independent financial advisory and consulting organization and is not engaged in the underwriting, marketing, or trading of municipal securities or other negotiable instruments.

Legal Opinion

Legal matters incident to the authorization, issuance and sale of the Certificates are subject to the approval of Foley & Lardner, Bond Counsel, whose approving opinion, substantially in the form shown in [APPENDIX C](#), will be delivered on the date of issue of the Certificates. In the event certificated Certificates are issued, the opinion will be printed on the reverse side of each Certificate.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law the interest on the Certificates is excluded from gross income for federal income tax purposes and the interest on the Certificates is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Bond Counsel

expresses no opinion regarding the federal income tax consequences resulting from ownership of the Certificates or the receipts by the owners thereof of payments on the Certificates following the termination of the Master Lease resulting from Nonappropriation or an Event of Default thereunder.

The opinions set forth in the preceding paragraph are subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), and other federal tax legislation that must be satisfied subsequent to the issuance of the Certificates in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause interest on the Certificates to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Certificates.

All of the Certificates have an issue price that is greater than the amount payable at maturity of such Certificates (**Premium Certificates**). Any Premium Certificate purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. An owner of a Premium Certificate that has amortizable bond premium is not allowed any deduction for the amortizable certificate premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Certificate by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Certificate. The adjusted tax basis in a Premium Certificate will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or repayment and maturity) of such Premium Certificate.

Owners of Premium Certificates who did not purchase such Premium Certificates in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Certificates.

Owners of Premium Certificates should consult their own tax advisors with respect to the state and local tax consequences of the Premium Certificates.

The Code contains numerous provisions which could affect the economic value of the Certificates to particular owners of Certificates. The following are some examples:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Certificates or, in the case of financial institutions, that portion of an owner’s interest expense allocable to interest on the Certificates.
- Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Certificates, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest.
- Interest on the Certificates earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.
- Passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income.

- Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of such benefits in gross income by reason of receipt or accrual of interest on the Certificates.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Certificates. There may be other provisions of the Code which could adversely affect the value of an investment in the Certificates for owners of Certificates. Investors should consult their own tax advisors with respect to the tax consequences of owning a Certificate.

State of Wisconsin Income and Franchise Taxes

Interest of the Certificates is subject to State of Wisconsin income and franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a Certificate.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Certificates, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By approximately December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any state information depository (**SID**). The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board (**MSRB**), and to any SID. As of the date of this Official Statement, no SID has been established. [Part I of the 2001 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.](#)

Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the NRMSIRS, or the MSRB, and to any SID. In the last five years, the State has not failed to comply in any material respect with this or any similar undertaking.

Dated: January 15, 2002

**STATE OF WISCONSIN,
Acting by and Through the
DEPARTMENT OF ADMINISTRATION**

/s/ GEORGE LIGHTBOURN

George Lightbourn, Secretary
State of Wisconsin Department of Administration

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 \(2001 Annual Report\)](#) is included by reference as part of this APPENDIX A.

This appendix includes significant information that was not in the Preliminary Official Statement.

- On January 16, 2002, the Legislative Fiscal Bureau provided revised estimates of general-fund revenues that result in projected negative ending balances for both the 2001-02 and 2002-03 fiscal years. [See page A-2.](#)

This appendix also includes a correction to actual 2000-01 fiscal year revenues and expenditures presented in Tables II-11 and II-12 of the 2001 Annual Report.

[Part II to the 2001 Annual Report](#) contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2000-01
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as [APPENDIX A to Part II of the 2001 Annual Report are the audited general purpose financial statements for the fiscal year ending June 30, 2001](#), prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

The 2001 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**). Copies of the 2001 Annual Report are available from the Capital Finance Office web site and may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

As of the date of this Official Statement, Part II of the 2001 Annual Report is available from the Capital Finance Office web site at the following address:

www.doa.state.wi.us/debf/capfin/01dis2.pdf

After publication and filing of the 2001 Annual Report, certain changes or events have occurred that affect items discussed in the 2001 Annual Report. Listed below, by reference to particular

sections of the 2001 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

State Budget; Budget for 2001-03; Current Budget Status (Part II–Page 26). Update with the following:

Revised Revenue Estimates – January 16, 2002

On January 16, 2002, the Legislative Fiscal Bureau provided revised estimates of general-fund revenues and gross ending balances for the 2001-02 and 2002-03 fiscal years, taking into account economic forecasts and actual tax collections and expenditures. **The memorandum from the Legislative Fiscal Bureau that contains these revised revenues appears on pages A-3 to A-13 of this Official Statement.** The revised estimates show the following differences from estimates used in the 2001-03 biennial budget:

- 2001-02 general-fund tax revenues are now estimated to be \$443 million lower at \$10.218 billion.
- 2002-03 general-fund tax revenues are now estimated to be \$596 million lower at \$10.535 billion.
- 2001-03 departmental revenues (non-tax receipts) are now estimated to be \$10 million lower.
- 2001-03 net expenditures are now estimated to be \$25 million lower.

As a result of these revisions, the estimated gross balance for June 30, 2002 (before taking into account the statutory reserve) is estimated to be negative \$126 million, which is \$401 million less than the amount in the 2001-02 budget. The estimated gross balance for June 30, 2003 (before taking into account the statutory reserve) is estimated to be negative \$975 million, which is \$1.015 billion less than the amount in the 2002-03 budget.

Secretary of Department of Administration Determination/Governor's Budget Adjustment Bill

The Secretary of Administration is required to determine whether budgeted expenditures will exceed revenues by more than one-half of one percent of general-purpose revenues. Upon such a determination the Secretary of Administration is required to notify the Governor, the Legislature, and its Joint Committee on Finance and the Governor must submit a legislative bill correcting the imbalance. At this time the Secretary of Administration had not yet made the above determination, but the Governor has called for a special session of the Legislative to begin on January 22, 2002 to solely consider and act on budget reform legislation to address the fiscal imbalance between projected revenues and authorized expenditures of the State.

It is expected that differing views of the actions that may be taken to correct the imbalance and the consequences of those actions will be expressed throughout these legislative proceedings.

Legislative Fiscal Bureau

Robert Wm. Lang, Director

One East Main, Suite 301 • Madison, WI 53703
Telephone: (608) 266-3847 • Fax: (608) 267-6873



State of Wisconsin

January 16, 2002

Representative John Gard, Assembly Chair
Senator Brian Burke, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Gard and Senator Burke:

This office has now completed its review of the status of the state's general fund for the remainder of the 2001-03 biennium. Our analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year.

Based upon our review, we now project the closing, gross general fund balance at the end of the biennium to be -\$974.5 million. This is \$1,024.3 million below the level (\$49.8 million) that was indicated upon enactment of the state's 2001-03 biennial budget (2001 Act 16).

The \$1,024.3 million is the result of decreased estimated tax collections of \$1,039.2 million, a decrease of \$9.7 million in departmental revenues and an estimated decrease in net expenditures (sum sufficient appropriations and lapses) of \$24.6 million.

In addition to the projected gross general fund deficit of -\$974.5 million, provisions of Act 16, as partially vetoed, require that the state maintain a statutory balance of \$142.8 million. Thus, to address the projected deficit and maintain the required statutory balance, the general fund will need to be improved by \$1,117.3 million.

The following table reflects the estimated general fund condition statement which incorporates our revenue and expenditure projections.

TABLE 1**2001-03 General Fund Condition Statement**

	<u>2001-02</u>	<u>2002-03</u>
Revenues		
Opening Balance, July 1	\$207,508,000	-\$125,867,400
Estimated Taxes	10,218,200,000	10,534,700,000
Departmental Revenues		
Tobacco Settlement	155,526,000	157,602,800
Tobacco Securitization	450,000,000	0
Other	<u>218,904,900</u>	<u>205,452,800</u>
Total Available	\$11,250,138,900	\$10,771,888,200
 Appropriations, Transfers and Reserves		
Gross Appropriations	\$11,534,187,200	\$11,809,293,000**
Sum Sufficient Reestimates	17,290,300	10,485,900
Compensation Reserves	27,900,000	82,500,000
Transfer to Tobacco Control Fund	6,032,300	15,345,100
Less Estimated Lapses	<u>-209,403,500</u>	<u>-171,230,800</u>
Net Appropriations	\$11,376,006,300	\$11,746,393,200
 Balances		
Gross Balance	-\$125,867,400	-\$974,505,000
Less Required Statutory Balance*	<u>-138,952,500</u>	<u>-142,827,300</u>
Net Balance, June 30	-\$264,819,900	-\$1,117,332,300

*The statutes do not specify a required balance for 2001-02. The \$138.9 million figure shown for 2001-02 is 1.2% of gross appropriations and compensation reserves. Although not required by statute, the 1.2% calculation was used in condition statements during 2001-03 budget deliberations. 2001 Act 16 requires a balance of 1.2% of gross appropriations and compensation reserves for 2002-03.

**Assumes that the \$115 million of general school aid that would have been paid in 2003-04 under Enrolled SB 55 (the 2001-03 budget adopted by the Legislature) will be paid in 2002-03 because of a veto of the \$115 million payment delay.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2001-03 biennium, including a discussion of the national economic forecast for 2001 through 2003 and general fund tax revenue projections for 2001-02 and 2002-03.

National Economic Forecast. This office first prepared revenue estimates for the 2001-03 biennium in January, 2001, based on the January, 2001, forecast of the economy prepared by Standard & Poor's Data Resources, Inc. (DRI). At that time, no recession was forecast. Positive economic growth was expected to continue in 2001, although at a lower rate than in recent years, followed by a rebound in growth in 2002 and 2003. It was believed that the primary risk to the forecast was that corporate earnings would continue to be depressed by high energy prices, deteriorating global competitiveness and reduced sales, in which case a bear market, lower household wealth and reduced consumer spending could lead to a recession in 2001. DRI placed the probability of this sequence of events at 40%.

In May, 2001, this office revised its 2001-03 tax collections estimates downward by 2.2%. The revision was based on 2000-01 general fund tax collections through April, 2001, and on revised national economic forecasts that were less favorable than those at the start of the year. The May, 2001, U.S. economic forecast prepared by DRI-WEFA (a subsidiary of Global Insight, Inc. that was formed by integrating DRI and Wharton Econometric Forecasting Associates) reported growth in nominal gross domestic product (GDP) in 2000 of 7.1% and projected increases of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003. The May forecast was for lower growth rates for each year, as compared to the January, 2001, forecast. Other indicators (including real GDP, personal income, consumption and corporate profits) were also generally lower in the May forecast, while unemployment and inflation were generally higher. As in the January, 2001, forecast, DRI assigned a 40% probability that a recession would occur in 2001.

By July, 2001, the forecasts for growth during 2001 were again being revised downward. That trend accelerated in the aftermath of the terrorist attacks on September 11. On November 26, 2001, the National Bureau of Economic Research (NBER), a non-profit research organization that tracks dates of business cycles, officially declared that the expansion was over and that the economy was in a recession. NBER placed the start of the recession in March, 2001. The debate over whether or not there would be a recession was replaced with the question of how long and severe the downturn would be.

The January, 2002, forecast by DRI-WEFA anticipates that the first quarter of 2002 will see the bottom of the recession, with gradually accelerating growth during the rest of the year, followed by relatively strong growth in 2003. However, as compared to the May forecast, economic activity is expected to be significantly weaker throughout the forecast period, especially in 2002. Growth in nominal GDP is expected to be 3.3% in 2001, 1.9% in 2002 and 6.0% in 2003 (as compared to the May figures of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003). Growth in real GDP is projected at 1.0% in 2001, 0.6% in 2002 and 3.7% in 2003, in contrast to the May, 2001, forecast of 2.0%, 2.4% and 4.0% growth for the same periods, respectively.

Under the current forecast, personal income is projected to grow at rates of 4.8% in 2001, 2.2% in 2002 and 5.2% in 2003. The estimate for 2001 is slightly higher (0.2%) than the May forecast. However, growth for the next two years is lower than the May forecast, by 2.2% in 2002 and by 0.5% in 2003. The low personal income growth in 2002 reflects the significant job losses that have already occurred as well as anticipated future layoffs. However, there are signs that the worst of the job losses may be nearing an end. The average workweek increased in December, and initial claims of unemployment have been trending downward. It is anticipated that employment will stop falling in early 2002 and then slowly recover during the rest of this year and into the next. This improvement is reflected in the personal income growth rate projected in 2003, which exceeds the projected rate in 2002 by 3.0%.

The January forecast assumes growth in personal consumption expenditures of 4.8% in 2001, 2.3% in 2002 and 6.1% in 2003. These growth rates are lower than the May forecast by 0.5% in 2001 and 2.6% in 2002, but exceed the May forecast for 2003 by 0.4%. Following a slow holiday season for retailers, DRI-WEFA expects consumer demand to remain sluggish going into 2002. On the positive side, taxes have been cut, energy prices are down and interest costs are lower, raising household disposable income. However, unemployment has risen and layoffs are continuing. Mortgage interest rates have recently gone up. The decreased use of zero-percent financing on new vehicles, which led to strong consumer spending in the fourth quarter of 2001, will bring a downturn in automobile sales at the start of 2002. Given these factors, DRI-WEFA expects a drop in real consumer expenditures in the first quarter of 2002. While it is projected that recovery in consumer markets will be underway in the spring, the outlook changes when considering only consumer goods that are generally subject to the sales tax. Sales of such taxable goods are expected to decline by approximately 1.0% for the entire first six months of 2002, with only slow growth throughout the second half of the year.

Pre-tax corporate profits are expected to decline 16.2% in 2001, followed by growth of 2.6% in 2002 and 11.8% in 2003. The estimates for 2001 and 2002 are significantly lower than the May forecast (which was -5.0% in 2001 and 5.3% in 2002), reflecting weakness in trade and business investment. Industrial production fell in 13 of the last 14 months, as consumer demand weakened and inventory liquidation occurred. Continued declines in nonresidential construction are projected throughout 2002 and into the first quarter of 2003. However, it is expected that businesses will soon start rebuilding inventories (which DRI-WEFA estimates will begin in the first quarter of 2002). Investments in equipment and software are expected to show positive growth by the third quarter of the year, with investments in structures recovering in the fourth quarter. It is anticipated that these influences will help pre-tax corporate profits rebound in 2003 with growth that is 5% higher than the 6.8% rate projected in May.

Inflation is expected to remain relatively low. The consumer price index is estimated at 2.9% for 2001, 1.9% in 2002 and 2.6% in 2003. The estimates are slightly lower for 2001 and 2002, by 0.4% and 0.1%, respectively, and 1.0% higher for 2003 than the May projections. The unemployment rate is projected at 4.8% in 2001, 6.2% in 2002 and 5.9% in 2003. The estimates for 2002 and 2003 exceed the May projections by 0.6% in 2002 and 0.3% in 2003. The jobless rate is expected to peak in the summer of 2002.

DRI-WEFA anticipates that the magnitude of both the economic downturn and the recovery will be relatively modest. Under the baseline forecast, it is assumed that the bottom of the recession will occur during the first quarter of 2002. The peak-to-trough decline in real GDP is estimated at 0.6%, which is relatively small compared to past recessions. It is expected that the federal tax cuts approved before the terrorist attacks, the increased federal spending on education, security, defense and intelligence approved after September 11 and monetary policy that has enhanced liquidity and kept interest rates low will all aid in the economic turn-around. The forecast also assumes a reversal in business inventory liquidation, which has been underway since February, 2001, starting in the first quarter of 2002. In addition, DRI-WEFA projects that expenditures on travel and leisure activities will rebound as the impact of September 11 begins to fade.

The major risks to the forecast are for a more protracted downturn in investment, resulting in additional layoffs and inventory liquidation, and that federal spending will not be able to be ramped up as quickly as is expected. A deeper U.S. recession could also aggravate the global recession and cause already sliding U.S. exports to fall further. Under this scenario, DRI-WEFA assumes that the beginning of the recovery would be pushed back until summer and would follow a deeper drop in real GDP than is assumed under the baseline forecast. The forecast assigns a probability of 30% to this scenario. An additional significant risk is that consumer and business confidence could be shaken by further terrorist attacks or other negative developments in the war on terrorism.

Table 2 shows a summary of national economic indicators drawn from the January, 2002, forecast by DRI-WEFA.

TABLE 2
Summary of National Economic Indicators
DRI-WEFA, January, 2002
(\$ in Billions)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Nominal Gross Domestic Product	\$9,872.9	\$10,196.5	\$10,387.1	\$11,007.0
% Change	6.5%	3.3%	1.9%	6.0%
Real Gross Domestic Product	\$9,224.0	\$9,319.2	\$9,374.4	\$9,721.2
% Change	4.1%	1.0%	0.6%	3.7%
Consumer Price Index	3.4%	2.9%	1.9%	2.6%
Personal Income	\$8,319.2	\$8,720.5	\$8,910.5	\$9,374.3
% Change	7.0%	4.8%	2.2%	5.2%
Personal Consumption Expenditures	\$6,728.4	\$7,050.3	\$7,213.4	\$7,650.9
% Change	7.7%	4.8%	2.3%	6.1%
Pre-Tax Corporate Profits	\$845.4	\$708.2	\$726.8	\$812.2
% Change	2.7%	-16.2%	2.6%	11.8%
Unemployment Rate	4.0%	4.8%	6.2%	5.9%

General Fund Tax Projections. Our estimates of general fund tax revenues for the 2001-03 biennium are based on tax collections to date and the January, 2002, DRI-WEFA forecast of national economic growth. In addition, all of the tax law changes adopted by the Legislature in Act 16 are reflected in these estimates. Projections of general fund tax collections for the 2001-03 biennium are shown in Table 3.

TABLE 3

**Projected General Fund Tax Collections
(\$ in Millions)**

Source	2000-01 Tax Collections	Budget Estimates (Act 16)		Revised Estimates January, 2002	
		2001-02	2002-03	2001-02	2002-03
Individual Income	\$5,156.5	\$5,455.5	\$5,687.1	\$5,220.0	\$5,330.0
General Sales and Use	3,609.9	3,750.6	3,975.1	3,680.0	3,830.0
Corporate Income & Franchise	537.2	594.2	606.3	480.0	535.0
Public Utility	239.2	244.0	250.0	253.7	257.4
Excise					
Cigarette	243.5	300.4	306.6	296.4	304.6
Liquor and Wine	35.5	35.9	36.8	35.1	36.2
Beer	9.4	9.5	9.5	9.4	9.4
Tobacco Products	11.4	14.5	16.2	14.0	15.5
Insurance Company	89.0	90.0	92.0	87.0	90.0
Estate	77.1	110.0	91.0	85.0	67.0
Miscellaneous Taxes	54.7	56.6	60.3	57.6	59.6
TOTAL	\$10,063.4	\$10,661.2	\$11,130.9	\$10,218.2	\$10,534.7
Increase Over Prior Year					
Amount		\$597.8	\$469.7	\$154.8	\$316.5
Percent		5.9%	4.4%	1.5%	3.1%

As shown in Table 3, general fund tax revenues are estimated to total \$10,218.2 million in 2001-02 and \$10,534.7 million in 2002-03. These amounts are lower than the estimates used in Act 16 by \$443.0 million in the first year and \$596.2 million in the second year of the biennium. Individual income taxes, sales taxes, corporate taxes and estate taxes have all been revised downward significantly, based on recent collections data and the new economic forecast, while utility tax estimates are slightly higher. Small decreases are projected for most of the other tax sources.

Revised General Fund Tax Estimates

Individual Income Tax. The current estimates of individual income tax collections are \$5,220.0 million in 2001-02 and \$5,330.0 million in 2002-03, which are lower than the estimates used in Act 16 by \$235.5 million in 2001-02 and \$357.1 million in 2002-03. Compared to prior years, the revised estimates reflect growth of 1.2% in 2001-02 and 2.1% in 2002-03. The decreases in the estimates compared to Act 16 are due to the fact that the economy is now in a recession, which was not expected under the May forecast. As noted, the current DRI-WEFA forecast of national personal income growth is 4.8% for 2001, 2.2% for 2001 and 5.2% for 2003. The earlier estimates were based on the May, 2001, forecast of personal income growth of 4.6% for 2001, 4.3% for 2002 and 5.7% for 2003. The current forecast projects that a higher proportion of personal income will come from transfer payments (such as social security, public assistance and unemployment benefits) than was projected in May. Transfer payments are generally nontaxable. The reestimates reflect both the lower growth expected in personal income and the shift toward more transfer payments.

Through December, 2001, income tax collections were 1.4% higher (\$30.7 million) than at the same time last year. Withholding payments, which make up the largest source of income tax revenues, have increased by 3.1% since last year (although the Department of Revenue believes that some of this growth is a matter of faster receipt of withholding payments as a result of the electronic funds transfer system that more employers are using to remit such payments). On the other hand, estimated tax payments, which reflect non-wage incomes, are 5.1% lower than at this time last year. In addition to economic factors, the slow growth in 2001-02 also reflects the final phase of implementing the income tax reductions adopted in the 1999-01 biennial budget (1999 Act 9).

The estimates of individual income taxes do not reflect a reduction that would occur in 2002-03 if the State of Minnesota were to withdraw from the income tax reciprocity agreement it has with the State of Wisconsin. Under the agreement, taxpayers who live in one of the two states and work in the other state are only required to file a return and pay taxes in the state of legal residence. As a result, Wisconsin foregoes tax revenue from residents of Minnesota who work here and Minnesota foregoes tax revenue from Wisconsin residents who work in Minnesota. On an annual basis, in December, Wisconsin reimburses Minnesota for the estimated amount of net foregone tax revenues to Minnesota in the prior year (which results in large part because more people live in Wisconsin and work in Minnesota than vice versa, so Minnesota loses more tax revenue by not collecting it directly from Wisconsin residents). The income tax reciprocity agreement is open-ended and may be unilaterally terminated by either state through legislative repeal. Governor Jesse Ventura has proposed ending the agreement, beginning in tax year 2003. If the Minnesota Legislature approves the repeal, Wisconsin would experience revenue losses in the first two fiscal years after the change, as described below.

If the agreement were terminated effective January 1, 2003, Wisconsin would stop withholding tax from Wisconsin residents working in Minnesota and begin to withhold tax on earnings of Minnesota residents working in Wisconsin. Based on preliminary information from the Department of Revenue, the change would reduce Wisconsin income tax collections in 2002-03 by an estimated \$27.5 million. In 2003-04, the cost to Wisconsin would be greater as there would be

the loss in tax revenues as well as the December payment to Minnesota for calendar year 2002. The Department estimates a net loss for 2003-04 of \$56.5 million. However, for 2004-05 and thereafter, the annual decrease in Wisconsin's withholding payment receipts would be balanced by the elimination of the annual reconciliation payment to Minnesota.

General Sales and Use Tax. Sales tax revenues were \$3,609.9 million in 2000-01, up 3.1% over the prior year. Revenues are estimated at \$3,680.0 million in 2001-02 and \$3,830.0 million in 2002-03, which is a decrease of \$70.6 million in the first year and \$145.1 million in the second year, relative to the Act 16 estimates. The revised projections are based on current collection data and the most recent forecast of growth in personal consumption expenditures, with adjustments for expenditures on food, gas and oil, and services to more closely reflect Wisconsin's sales tax base.

Year-to-date, sales tax collections through December were up by approximately 8.5% over the level collected during the same period of the prior fiscal year. However, this figure significantly overstates actual growth, since it is based on an artificially-low collections figure for December, 2000, that resulted when revenues that normally would have been reflected in that month were instead "booked" in January, 2001. When adjusted to correct for this anomaly, the current year-to-date level of growth becomes 4.5%. It is likely that this pace of growth is due in significant part to activity generated by zero-percent financing in the motor-vehicle industry and price reductions in the retail sector during the 2001 holiday shopping season and cannot be sustained for the balance of the fiscal year. This pattern is reflected in the economic forecast, which calls for a drop in taxable consumption expenditures of about 1% during the remainder of 2001-02, with only slight growth anticipated to occur in the first two quarters of 2002-03. Growth is expected to accelerate substantially in the second half of 2002-03.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections were \$537.2 million in 2000-01, which was \$26.8 million less than estimated last May. The reduction reflected the slowdown in the economy and a related decrease in corporate earnings and profits. Collections are projected to be \$480.0 million in 2001-02 and \$535.0 million in 2002-03. These amounts represent an annual decrease of 10.6% in 2001-02 and an increase of 11.5% in 2002-03 and are lower than the Act 16 estimates by \$114.2 million in 2001-02 and \$71.3 million in 2002-03.

The new estimates reflect lower than anticipated corporate franchise tax collections and the effects of the economic slowdown on the state's economy. Through December, collections were almost 19% lower than 2000-01 collections for the same period. Consumer spending, investment, corporate earnings and profits have all declined during the year and are expected to remain soft during the first part of 2002. However, in part due to significant doses of monetary and fiscal stimuli, the economy is projected to begin to rebound in the second quarter of 2002. Corporate profits are forecast to increase beginning in the latter part of 2002 and in 2003 and 2004. Consequently, corporate income and franchise tax revenues are estimated to increase between 2002 and 2003.

Public Utility Taxes. Public utility taxes were \$239.2 million in 2000-01 and are projected to total \$253.7 million in 2001-02 and \$257.4 million in 2002-03. The projections are \$9.7 million

higher for 2001-02 and \$7.4 million higher for 2002-03 than the Act 16 estimates, based on recent collections data and forecasts of energy usage.

Excise Taxes. Cigarette excise tax revenues are estimated to be \$296.4 million in 2001-02 and \$304.6 million in 2002-03. The first-year estimate is an increase of 21.7% over the 2000-01 actual total of \$243.5 million and is due to a tax increase of \$0.18 per pack that took effect on October 1, 2001. Actual volume (packs sold) continued its historical trend of moderate decline in 2000-01, with this trend expected to continue. The revenue increases now estimated are somewhat weaker than those anticipated at the time of Act 16's passage; they reflect downward revisions of \$4.0 million and \$2.0 million for 2001-02 and 2002-03, respectively.

Estimates of revenues from the liquor, tobacco products and beer taxes have been revised downward to reflect generally lower consumption levels than those anticipated earlier. Estimates of tobacco products tax revenues reflect an Act 16 increase in the tax rate from 20% of the manufacturer's price to 25%.

Insurance Premium Taxes. Insurance premium taxes increased from \$86.9 million in 1999-00 to \$89.0 million in 2000-01. Premium taxes are projected to decrease to \$87.0 million in 2001-02 and then increase to \$90.0 million in 2002-03. The projected decline in 2001-02 reflects year-to-date monthly premium tax collections through December, which are lower than 2000-01 for the same period. The increase in premium tax revenues in 2002-03 is based on expected moderate growth in life and property and casualty insurance sales.

Estate Tax. Estate tax revenues totaled \$77.1 million in 2000-01, and are estimated at \$85.0 million in 2001-02 and \$67.0 million in 2002-03. The estimates are lower than the Act 16 amounts by \$25.0 million in 2001-02 and \$24.0 million in 2002-03.

Annual estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may, therefore, vary considerably from year to year. The Act 16 estimate assumed that estate tax revenues would be \$110.0 million in 2001-02 and \$91.0 million in 2002-03. [The lower figure for 2002-03 reflects the reduction in state estate tax collections as a result of the federal law changes under the Economic Growth and Tax Relief Reconciliation Act of 2001.] However, actual collections for 2000-01 were \$77.1 million, which was a 42.2% decrease from the prior year. Based on year-to-date collections and the current economy, estate tax revenues have been reestimated at the lower figures shown above.

Miscellaneous Taxes. Collections from the real estate transfer fee have been revised upward for 2001-02 relative to the Act 16 estimates, due to strong collections through December, 2001. The same level of growth is not expected to continue in 2002-03, however, resulting in a small downward shift in expected revenue from the fee for that year, relative to the Act 16 estimate. Anticipated collections from the court suit tax are down slightly in both years from the Act 16 estimates. In 2000-01, the two taxes brought in combined revenues of \$54.7 million.

Departmental Revenues and Net Expenditures

It is projected that departmental revenues (non-tax receipts) will be lower than previous estimates by \$9.7 million. Although increases are projected in a number of areas, these increases are offset by a reduction in interest earnings because of lower interest rates. It is important to note that the estimate of interest earnings factored into this memorandum assumes that the Legislature will take steps necessary to balance the 2001-03 general fund budget.

On the appropriation side, it is now anticipated that net expenditures will be below the projections of Act 16 by \$24.6 million. For the biennium, sum sufficient appropriations are projected to increase by \$27.8 million while appropriated amounts expected to lapse to the general fund are above the biennial budget estimates by \$52.4 million. Included in the increased lapse estimate is \$28.3 million, which is anticipated due to the 3.5% reduction to a number of state operations appropriations that the Governor announced in December, 2001, for the 2001-02 fiscal year.

In addition to the sum sufficient and lapse projections, mention should be made of some appropriations and programs which might require attention in the upcoming legislative floor periods.

It is estimated that medical assistance (MA) benefit costs will exceed the amount budgeted for the program by approximately \$30 million GPR in 2001-02. This estimate is based on a review of MA benefits payments to December, 2001, adjusted to reflect recent increases in the projected number of MA recipients. Most of the caseload growth is due to increases in the number of applicants that meet AFDC-related MA eligibility standards. The Act 16 MA base reestimate assumed modest growth in the number of AFDC-related MA recipients in 2001-02 and 2002-03. However, as of December 1, 2001, the number of AFDC-related MA recipients (approximately 167,100) exceeded the projected 2001-02 fiscal year average (148,800) by 18,300. In addition, projected benefit costs for some services, including nursing home and hospital services and capitation payments to health maintenance organizations, are expected to exceed Act 16 estimates. The costs of providing some services and benefits, such as home health services and prescription drugs, are expected to be somewhat less than the Act 16 projections. Based on current trends in caseload and service costs, a similar shortfall in GPR MA benefits funding is likely to occur in 2002-03. Caseload growth may also result in some spending pressure on the BadgerCare program.

Act 16 provides \$25,249,000 GPR in 2001-02 and \$28,097,800 GPR in 2002-03 in a sum certain appropriation to fund: (a) adoption assistance payments to families that adopt children with special needs to assist in the cost of care for these children; and (b) payments to families and facilities that provide foster care to children for whom the state serves as guardian. Based on actual payments through December, 2001, it is estimated that an additional \$1.8 million GPR in 2001-02 and \$2.5 million GPR in 2002-03 will be needed to fully fund state foster care and adoption assistance payments in the 2001-03 biennium.

The administration is currently negotiating with the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services (CMS) about the state's claiming federal MA matching funds under the intergovernmental transfer (IGT) program. The results of these negotiations could significantly affect the amount of funding available to support MA costs in the current biennium and in future years. The primary issues of these negotiations are: (a) whether the state will be required to return approximately \$83.2 million in federal MA matching funds the state claimed in 1999-00; and (b) the amount of federal MA matching funds the state will be able to claim in the future under the IGT program. To date, the state and CMS have not reached an agreement.

We will continue to monitor tax collections, economic forecasts and expenditures and keep you apprised if any further modifications are necessary.

Sincerely,

A handwritten signature in black ink that reads "Bob". The letters are stylized and cursive.

Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

Table II-8; Actual and Projected General Fund Cash Flow (Page 37). Update the table with the following:

	(In Thousands of Dollars)											
	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001	January 2002	February 2002	March 2002	April 2002	May 2002	June 2002
BALANCES^(b)												
Beginning Balance	281,565	3,398	397,659	1,290,819	1,821,610	943,651	383,667	1,288,728	1,279,068	229,372	717,719	565,355
Ending Balance	3,398	397,659	1,290,819	1,821,610	943,651	383,667	1,288,728	1,279,068	229,372	717,719	565,355	194,698
Lowest Balance^(c)	-162,060	-202,246	-99,652	1,248,678	943,651	-60,419	359,911	1,071,436	229,372	79,419	404,348	-348,488
RECEIPTS												
TAX RECEIPTS												
Individual Income	507,468	388,372	533,868	508,613	399,103	479,545	845,077	430,041	443,860	811,393	429,834	627,011
Sales & Use	343,973	356,048	342,096	348,297	358,636	323,558	369,900	289,719	293,399	282,828	350,012	326,873
Corporate Income	12,421	16,903	112,886	24,461	10,693	126,388	23,626	13,605	164,286	28,166	15,822	128,507
Public Utility	0	0	518	3,561	131,654	1,357	222	17	27	1,915	103,839	256
Excise	29,231	26,372	28,085	27,504	39,451	27,407	31,271	28,280	26,644	31,160	30,130	32,735
Insurance	999	1,657	19,935	339	887	19,336	2,426	7,049	15,109	16,744	1,591	18,461
Inheritance	6,638	6,162	13,423	5,645	5,568	4,969	6,188	11,962	9,291	7,573	9,516	7,951
Subtotal Tax Receipts	900,730	795,514	1,050,811	918,420	945,992	982,560	1,278,710	780,673	952,616	1,179,779	940,744	1,141,794
NON-TAX RECEIPTS												
Federal	343,646	452,855	365,526	452,845	346,684	378,392	512,306	424,688	403,006	397,870	407,317	419,409
Other & Transfers ^(d)	331,074	249,196	303,861	260,628	176,794	169,672	357,808	322,272	291,277	345,090	268,432	773,263
Note Proceeds ^(e)	0	0	800,000	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	674,720	702,051	1,469,387	713,473	523,478	548,064	870,114	746,960	694,283	742,960	675,749	1,192,672
TOTAL RECEIPTS	1,575,450	1,497,565	2,520,198	1,631,893	1,469,470	1,530,624	2,148,824	1,527,633	1,646,899	1,922,739	1,616,493	2,334,466
DISBURSEMENTS												
Local Aids	878,438	160,458	663,004	99,188	975,970	1,138,856	158,985	267,404	1,134,613	123,724	252,270	1,733,478
Income Maintenance	363,315	352,214	309,334	372,969	339,757	342,249	357,080	331,234	331,237	338,696	375,622	330,367
Payroll and Related	215,318	300,380	204,832	303,186	421,307	234,716	314,948	285,089	289,629	320,024	445,620	213,875
Tax Refunds	105,487	44,995	46,906	43,602	66,467	138,297	52,116	222,728	265,435	216,812	164,905	138,378
Debt Service	7	12,463	108,775	0	1,882	0	0	15,112	218,650	0	32,861	0
Miscellaneous ^(f)	291,052	232,794	294,187	282,157	542,046	236,490	360,634	217,725	251,468	229,573	292,016	289,025
Note Repayment ^(e)	0	0	0	0	0	0	0	198,001	205,563	205,563	205,563	0
TOTAL DISBURSEMENTS	1,853,617	1,103,304	1,627,038	1,101,102	2,347,429	2,090,608	1,243,763	1,537,293	2,696,595	1,434,392	1,768,857	2,705,123

(a) Excludes Inter-Fund Borrowing and is based on the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16). Does NOT reflect the estimates released by the Legislative Fiscal Bureau on January 16, 2002.

(b) The General Fund cash balances presented in this schedule are not based on Generally Accepted Accounting Principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's Universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$150 to \$300 million during the 2001-02 fiscal year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$50 million during the 2001-02 fiscal year.

(c) Lowest daily balance within each month.

(d) The projections assume that \$450 million of proceeds from the sale and subsequent securitization of payments due the State from tobacco manufacturers under the Master Settlement Agreement will be received on June 3, 2002.

(e) Includes \$800 million in operating note proceeds received in September, 2001 and impoundment payments to be made on February 28, March 29, April 30, and May 31, 2002. The February, 2002 impoundment payment excludes the premium that was deposited on September 20, 2001 into the operating note redemption fund.

(f) \$275 million in federal intergovernmental transfer funds was transferred to the Medical Assistance Trust Fund on November 30, 2001.

Table II-9; General Fund Monthly Position (Page 38). Update the table with the following:

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 1999 through December 31, 2001 — Actual
January 1, 2002 through June 30, 2002 — Estimated^(b)
 (Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
1999	July.....	\$ 736,269	\$ 1,441,009	\$ 1,836,987
	August.....	340,291	1,308,849	868,154
	September.....	780,986	1,547,229	1,292,942
	October.....	1,035,273	1,331,192	1,031,907
	November.....	1,334,558	1,433,801	1,794,197
	December.....	974,162	1,449,618	1,987,753
2000	January.....	436,027	2,095,798	1,693,313
	February.....	838,512	1,544,207	1,240,280
	March.....	1,142,439	1,526,625	2,143,437
	April.....	525,627	1,812,812	1,174,173
	May.....	1,164,266	1,580,865	1,172,474
	June.....	1,572,657	1,910,223	2,811,272
	July.....	671,608	1,405,811	1,674,899
	August.....	402,520	1,391,600	1,036,240
	September.....	757,880	1,716,848	1,540,488
	October.....	934,240	1,545,868	1,039,609
	November.....	1,440,499	1,451,918	1,886,868
	December.....	1,005,549	1,335,205	2,070,373
2001	January.....	270,381	2,143,861	1,190,946
	February.....	1,223,296	1,494,577	1,339,377
	March.....	1,378,496	1,381,012	2,312,836
	April.....	446,672	2,042,531	1,469,093
	May.....	1,020,110	1,800,948	1,405,982
	June.....	1,415,076	1,698,317	2,831,828
	July.....	281,565	1,575,450	1,853,617
	August.....	3,398	1,497,565	1,103,304
	September.....	397,659	2,520,198	1,627,038
	October.....	1,290,819	1,631,893	1,101,102
	November.....	1,821,610	1,469,470	2,347,429
	December.....	943,651	1,530,624	2,090,608
2002	January.....	383,667	2,148,824	1,243,763
	February.....	1,288,728	1,527,633	1,537,293
	March.....	1,279,068	1,646,899	2,696,595
	April.....	229,372	1,922,739	1,434,392
	May.....	717,719	1,616,493	1,768,857
	June.....	565,355	2,334,466	2,705,123

^(a) The General Fund balances presented in this table are not based on Generally Accepted Accounting Principles (GAAP).

^(b) The monthly receipt and disbursement projections for January 1, 2002 through June 30, 2002 are based on estimates provided by the Division of Executive Budget and Finance and the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16). The projections do not reflect the estimates released by the Legislative Fiscal Bureau on January 16, 2002.

^(c) The amounts shown in September 2001 include receipts from the issuance of operating notes and amounts shown in February–May 2002 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued in the 1999-2000 or 2000-01 fiscal years. In addition, the receipt amounts shown in June 2002 include \$450 million of proceeds from the sale of payments due the State from tobacco manufacturers under the Master Settlement Agreement.

Source: Wisconsin Department of Administration.

Table II-10; Balances in Funds Available for Interfund Borrowing (Page 39). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)

July 1, 1999 to December 31, 2001 — Actual
January 1, 2002 to June 1, 2002 — Estimated^(b)

(Amounts in Millions)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
January		\$ 3,735	\$ 3,701	\$ 1,726 ^(b)
February		4,159	4,435	1,798
March		4,262	4,786	1,821
April		4,267	5,212	1,725
May		3,961	4,952	1,680
June		3,636	4,680	1,759
July	\$ 4,017	3,733	4,925	
August	4,245	4,084	5,275	
September	3,865	3,743	4,785	
October	3,820	3,796	4,328	
November	3,374	3,378	4,242	
December	3,411	3,489	4,737	

^(a) Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Environmental Improvement Fund
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
Agricultural College	

^(b) Estimated balances for January 1, 2002 and succeeding months include only 20% of the amount estimated to be available for the local government investment pool. The local government investment pool is composed of funds deposited by local units of government that may be withdrawn without notice. Balances in the local government investment pool ranged from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. Under Section 20.002 (11), Wisconsin Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which based on the 2000-2001 budget is approximately \$571 million, and an additional 3% (approximately \$343 million) for a period of up to 30 days.

Source: Wisconsin Department of Administration.

Table II-11; General Fund Revenues (Page 40). Update the table with the following (please note that the Actual Revenues for the 2000-01 fiscal year presented in Table II-11 of the 2001 Annual Report were incorrect and are correctly presented below):

GENERAL FUND REVENUES^(a)
July 1, 2001 to December 31, 2001 compared with previous year
(Unaudited)

	<u>Actual Revenues</u> <u>2000-01FY^(b)</u>	<u>Projected</u> <u>Revenues</u> <u>2001-02 FY^(c)</u>	<u>Actual Revenues</u> <u>July 1, 2000 to</u> <u>December 31, 2000</u>	<u>Actual Revenues</u> <u>July 1, 2001 to</u> <u>December 31, 2001</u>
Individual Income Tax	\$ 5,156,565,000	\$ 5,455,527,500	\$ 2,253,036,108	\$ 2,186,172,654
General Sales and Use Tax ..	3,609,895,000	3,750,485,400	1,429,835,617	1,543,169,893
Corporate Franchise and Income Tax	537,159,000	594,297,100	274,031,996	222,796,743
Public Utility Taxes	239,238,000	244,000,000	117,101,430	128,449,308
Excise Taxes	299,775,000	360,300,000	132,618,549	147,419,313
Inheritance Taxes	77,084,000	110,000,000	35,417,444	41,589,178
Miscellaneous Taxes	159,615,000	146,600,000	33,736,256	35,157,583
SUBTOTAL.....	<u>10,079,331,000</u>	<u>10,661,210,000</u>	<u>4,275,777,401</u>	<u>4,304,754,672</u>
Federal Receipts.....	5,472,647,000	4,766,889,000	2,058,588,489	2,765,421,296
Dedicated and Other Revenues ^(d)	<u>3,733,756,000</u>	<u>3,851,470,400</u>	<u>1,486,589,343</u>	<u>1,619,067,326</u>
TOTAL.....	<u>\$ 19,285,734,000</u>	<u>\$ 19,279,569,400</u>	<u>\$ 7,820,955,233</u>	<u>\$ 8,689,243,293</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. The statutory accounting basis requires that some cash deposits made after June 30th are recorded as revenues in the prior fiscal year. Therefore, the revenues in this table will not be comparable to the receipts shown in the general fund cash flow tables included earlier in the report. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the State of Wisconsin Continuing Disclosure Annual Report, December 19, 2001.

(b) The amounts shown are the sum of all revenues for fiscal year 2000-01 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ended June 30, 2001.

(c) Projected revenues based on the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16). The projections do not reflect the estimates released by the Legislative Fiscal Bureau on January 16, 2002.

(d) The statutory basis of accounting requires that certain transfers between General Fund appropriations be recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration.

Table II-12; General Fund Expenditures by Function (Page 41). Update the table with the following (please note that the Actual Expenditures for the 2000-01 fiscal year presented in Table II-12 of the 2001 Annual Report were incorrect and are correctly presented below):

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 2001 to December 31, 2001 compared with previous year
(Unaudited)**

	Actual Expenditures 2000-01 FY ^(b)	Appropriations 2001-02 FY ^(c)	Actual Expenditures July 1, 2000 to December 31, 2000	Actual Expenditures July 1, 2001 to December 31, 2001
Commerce.....	\$ 221,297,000	\$ 229,909,200	\$ 104,106,255	\$ 109,346,577
Education.....	8,353,243,000	8,655,045,700	3,582,661,096	3,750,667,548
Environmental Resources.....	272,918,000	254,725,800	103,092,091	103,059,444
Human Relations & Resources.....	7,287,626,000	7,450,283,800	3,285,150,937	4,011,100,940
General Executive.....	651,970,000	639,385,700	291,102,862	290,887,043
Judicial.....	108,676,000	104,641,000	64,363,591	62,586,998
Legislative.....	62,220,000	63,929,500	26,068,456	27,976,072
General Appropriations.....	2,490,467,000	1,946,568,600	1,568,357,911	1,959,120,631
TOTAL.....	<u>\$ 19,448,417,000</u>	<u>\$ 19,344,489,300</u>	<u>\$ 9,024,903,198</u>	<u>\$ 10,314,745,254</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. The statutory accounting basis requires that some expenditures made after June 30th be recorded as expenses in the prior fiscal year. Therefore, the expenditures in this table will not be comparable to the disbursements shown in the general fund cash flow tables included earlier in the report. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the State of Wisconsin Continuing Disclosure Annual Report, December 19, 2001.

(b) The amounts shown are the sum of all revenues for fiscal year 2000-01 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ended June 30, 2001.

(c) Appropriations for the fiscal year 2001-02 based on the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16).

Source: Wisconsin Department of Administration.

APPENDIX B

INFORMATION ABOUT THE MASTER LEASE PROGRAM

This appendix includes information concerning the Master Lease Program (**Program**) and master lease certificates of participation. [Part IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 \(2001 Annual Report\)](#) is included by reference as part of this APPENDIX B.

[Part IV to the 2001 Annual Report](#) contains the following information:

- Program structure
- Program operations
- Security for the master lease certificates of participation
- Risk factors
- Outstanding master lease certificates of participation
- Outstanding Lease Schedules
- Summary of the Master Lease
- Summary of the Master Indenture

The 2001 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**). Copies of the 2001 Annual Report are available from the Capital Finance Office web site and may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

As of the date of this Official Statement, Part IV of the 2001 Annual Report is available from the Capital Finance Office web site at the following address:

www.doa.state.wi.us/debf/capfin/01dis4.pdf

After publication and filing of the 2001 Annual Report, certain changes or events have occurred that affect items discussed in the 2001 Annual Report. Listed below, by reference to particular sections of the 2001 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

Outstanding Master Lease Schedules; Table IV-2, Pages 121-128. Update with the following:

OUTSTANDING MASTER LEASE SCHEDULES^(a)
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
95-042	09/19/1995	9/1/2002	Distance Education Network (WONDER)	\$ 1,985,260.00	\$ 126,515.49
96-003	01/11/1996	9/1/2002	Dairy Processing Equipment	164,140.00	28,733.15
96-026	04/19/1996	3/1/2003	Textile Cutting Machine/CADD	49,600.00	12,465.07
96-030	04/26/1996	3/1/2003	DOT Motor Vehicle Database Re-design	146,821.55	21,008.19
96-035	05/20/1996	3/1/2003	DOT Motor Vehicle Database Re-design	121,662.64	26,480.01
96-040	06/04/1996	3/1/2003	Dairy Processing Equipment	74,700.00	19,150.51
96-043	06/14/1996	3/1/2003	Textile Cutting Machine/CADD	31,245.00	8,001.53
96-047	06/27/1996	3/1/2003	DOT Motor Vehicle Database Re-design	236,615.97	60,866.87
96-049	06/27/1996	3/1/2003	Textile Cutting Machine/CADD	97,715.00	25,136.11
96-052	07/29/1996	3/1/2003	Sewing Machines	112,621.50	28,843.00
96-056	08/01/1996	3/1/2003	DOT Motor Vehicle Database Re-design	129,291.31	33,136.10
96-060	08/01/1996	9/1/2002	NEWCS Distance Education Network	158,391.85	30,016.88
96-061	08/15/1996	3/1/2003	Infrastructure for Mobile Data Terminal Project	531,916.34	138,506.26
96-064	09/03/1996	9/1/2003	DOT Motor Vehicle Database Re-design	221,176.04	70,601.68
96-065	09/03/1996	3/1/2003	Textile Cutting Machine/CADD	17,688.00	4,582.92
96-071	10/01/1996	3/1/2003	Garment Cutting Machine/CADD	5,657.00	1,465.73
96-073	10/01/1996	9/1/2003	DOT Motor Vehicle Database Re-design	168,597.60	53,818.10
96-075	10/01/1996	9/1/2003	Infrastructure for Mobile Data Terminal Project	163,543.44	52,204.77
96-082	11/01/1996	3/1/2003	Infrastructure for Mobile Data Terminal Project	499,255.33	137,606.93
96-093	12/23/1996	9/1/2003	Infrastructure for Mobile Data Terminal Project	20,974.47	4,434.61
96-094	12/23/1996	9/1/2003	1/2 Filler/Sealer Machine	94,000.00	31,282.08
97-008	01/28/1997	9/1/2003	Infrastructure for Mobile Data Terminal Project	442,274.97	149,199.55
97-016	02/19/1997	9/1/2003	Infrastructure for Mobile Data Terminal Project	74,258.75	25,225.28
97-023	03/13/1997	9/1/2003	Infrastructure for Mobile Data Terminal Project	208,874.27	71,576.08
97-029	03/27/1997	3/1/2004	Fire Engine	63,853.13	25,520.16
97-032	04/16/1997	3/1/2004	Infrastructure for Mobile Data Terminal Project	155,614.00	62,586.60
97-037	04/25/1997	3/1/2004	Fire Engine	85,143.87	34,336.20
97-040	04/25/1997	3/1/2004	Infrastructure for Mobile Data Terminal Project	274,825.00	110,829.40
97-043	05/16/1997	3/1/2004	Xylox Seating System-Kohl Center	100,000.00	40,607.37
97-053	06/13/1997	3/1/2002	Image Scanning System	64,765.00	4,638.55
97-056	06/13/1997	3/1/2002	Tractor - Ashland Rsch Station	35,845.00	4,181.29
97-062	07/10/1997	3/1/2004	Fire Engine	100,924.72	41,744.15
97-066	06/30/1997	3/1/2004	Xylox Seating System-Kohl Center	250,000.00	103,054.15
97-070	07/10/1997	3/1/2004	Xylox Seating System-Kohl Center	733,000.00	303,181.03
97-071	07/10/1997	3/1/2004	Infrastructure for Mobile Data Terminal Project	57,222.11	23,668.03
97-078	07/25/1997	3/1/2004	DOT Motor Vehicle Database Re-design	269,717.25	67,713.58
97-089	09/03/1997	3/1/2004	Infrastructure for Mobile Data Terminal Project	62,488.00	26,348.45
97-092	09/16/1997	9/1/2003	Dump-Truck	67,598.00	24,826.30
97-117	12/22/1997	9/1/2004	Wood Laminating System	127,251.75	61,979.96
97-118	12/22/1997	3/1/2004	Infrastructure for Mobile Data Terminal Project	150,478.94	66,001.16
98-004	01/09/1998	9/1/2004	DOT Motor Vehicle Database Y2K Updates	234,945.25	115,072.21
98-010	01/30/1998	3/1/2003	Systems Furniture-Milwaukee County Child Welf.	345,781.39	110,500.56
98-013	02/06/1998	9/1/2004	DOT Motor Vehicle Database Y2K Updates	130,427.90	64,506.85
98-017	02/27/1998	9/1/2004	DOT Motor Vehicle Database Y2K Updates	112,326.27	55,975.53
98-018	02/27/1998	3/1/2003	University Information System	289,239.55	93,604.33
98-020	03/10/1998	3/1/2004	Xylox Seating System-Kohl Center	307,000.00	138,773.39
98-023	03/16/1998	9/1/2002	Upgrades to TIME System	440,820.13	70,991.80
98-027	03/16/1998	3/1/2004	Infrastructure for Mobile Data Terminal Project	137,445.14	62,269.49
98-034	04/01/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	39,213.73	21,479.83
98-036	04/01/1998	3/1/2003	University Information System	292,418.35	96,187.83
98-041	04/17/1998	3/1/2003	Systems Furniture-Milwaukee County Child Welf.	525,255.80	174,106.73
98-042	04/17/1998	3/1/2003	WPDES Permit Streamlining	66,914.00	18,651.43
98-044	04/17/1998	3/1/2005	DOT Motor Vehicle Database Re-design	116,233.50	63,992.89
98-046	05/05/1998	3/1/2005	DOT Motor Vehicle Database Re-design	83,066.65	46,008.19
98-047	05/05/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	150,044.76	83,105.40
98-056	06/02/1998	3/1/2004	Infrastructure for Mobile Data Terminal Project	205,006.18	95,727.55
98-057	06/02/1998	3/1/2003	WPDES Permit Streamlining	58,827.75	19,945.82
98-058	06/02/1998	3/1/2005	DOT Motor Vehicle Database Re-design	101,948.46	56,980.59
98-059	06/02/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	104,670.51	58,501.99

OUTSTANDING MASTER LEASE SCHEDULES^(a) –Continued
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
98-069	06/23/1998	3/1/2003	Systems Furniture-Milwaukee County Child Welf.	30,264.24	10,373.11
98-071	06/23/1998	3/1/2003	WPDES Permit Streamlining	58,000.75	19,879.80
98-073	06/23/1998	3/1/2002	Vehicle/Truck for Ag Research/Depts	20,890.00	3,031.83
98-075	06/23/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	32,719.82	18,419.46
98-076	06/23/1998	3/1/2005	DOT Motor Vehicle Database Re-design	70,752.31	39,829.70
98-086	07/30/1998	3/1/2003	WPDES Permit Streamlining	60,192.00	21,037.50
98-088	07/30/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	104,994.79	59,870.67
98-090	07/30/1998	3/1/2005	DOT Motor Vehicle Database Re-design	66,011.46	37,656.46
98-096	08/19/1998	9/1/2003	WPDES Permit Streamlining	49,982.00	21,205.44
98-099	08/19/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	113,400.61	65,116.83
98-100	08/19/1998	3/1/2005	DOT Motor Vehicle Database Re-design	104,105.65	59,779.49
98-105	09/11/1998	9/1/2003	IBM Multipurpose Mainframe CPU/2GB	2,267,800.00	972,073.53
98-107	10/08/1998	3/1/2003	System Furniture	33,966.17	12,315.57
98-108	10/08/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	158,790.81	92,736.27
98-109	10/08/1998	3/1/2005	DOT Motor Vehicle Database Re-design	84,330.13	49,250.08
98-110	10/08/1998	9/1/2003	WPDES Permit Streamlining	54,985.00	23,873.86
98-118	11/06/1998	3/1/2003	University Information System	259,107.86	68,202.88
98-119	11/06/1998	3/1/2005	DOT Motor Vehicle Database Re-design	148,639.11	87,673.37
98-120	11/06/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	49,980.37	29,480.44
98-121	11/06/1998	3/1/2002	Suburban for UW-Madison Dept. of Agronomy	28,341.00	4,523.39
98-124	11/06/1998	9/1/2003	WPDES Permit Streamlining	39,607.00	17,433.05
98-127	11/06/1998	9/1/2002	Upgrades to TIME System	222,095.00	61,647.41
98-128	11/06/1998	9/1/2004	Voting Systems	200,000.00	109,409.39
98-130	11/20/1998	9/1/2004	IT Migration-Infrastructure Components	627,192.01	345,016.35
98-133	11/20/1998	3/1/2005	DOT Motor Vehicle Database Re-design	97,192.09	57,617.27
98-134	11/20/1998	3/1/2005	DOT Motor Vehicle Database Y2K Updates	58,342.81	34,586.72
98-136	12/14/1998	9/1/2005	BadgerNet - Phase 1 (Equipment & Service)	7,519,106.05	2,607,894.42
98-137	12/14/1998	9/1/2002	WONDER Codec Upgrades	453,074.00	47,348.67
98-139	12/14/1998	9/1/2004	IT-Migration Cable/Fiber	1,132,715.74	629,155.69
98-142	12/23/1998	9/1/2004	IT Migration - Cable/Fiber and Vote System	123,900.00	69,072.05
99-001	01/22/1999	3/1/2003	DSU/CSU Connect BadgerNet	618,262.50	243,371.57
99-002	01/22/1999	9/1/2002	Point-of-Sale License Terminals	1,204,200.00	360,021.21
99-007	01/22/1999	9/1/2005	DOT Motor Vehicle Database Re-design	213,044.47	59,338.40
99-008	01/22/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	145,267.67	90,092.42
99-010	01/22/1999	9/1/2004	IT Migration-Network Infrastructure/Laptops	150,348.00	79,062.78
99-011	02/18/1999	9/1/2005	BadgerNet - Phase 1 (Equipment & Service)	9,212,723.40	6,135,573.20
99-013	02/25/1999	3/1/2002	FATS-Upgrades to Firearm Train System	34,325.00	6,127.13
99-014	02/25/1999	9/1/2004	IT Migration-Network Infrastructure	207,957.00	106,388.40
99-015	02/25/1999	9/1/2002	Point-of-Sale License Terminals/Printers	745,175.00	228,066.74
99-016	02/25/1999	9/1/2003	WPDES Permit Streamlining	36,983.50	12,719.52
99-017	02/25/1999	3/1/2005	DOT Motor Vehicle Database Re-design	30,021.32	18,858.87
99-018	02/25/1999	9/1/2005	DOT Motor Vehicle Database Y2K Updates	119,014.90	78,906.44
99-021	03/12/1999	3/1/2003	DSU/CSU Connect BadgerNet	370,957.50	150,650.53
99-022	03/12/1999	9/1/2004	IT Migration-Network Fiber/Cable	159,214.47	94,186.85
99-024	03/12/1999	3/1/2002	DEC Server Upgrades-Network	189,665.28	30,880.77
99-025	03/26/1999	9/1/2004	IT Migration-Laptops/Network	746,228.25	286,930.16
99-026	03/26/1999	9/1/2005	DOT Motor Vehicle Database Re-design	103,317.05	69,323.25
99-027	03/26/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	324,463.39	206,507.01
99-029	03/26/1999	3/1/2002	Servers for University Information System	479,389.20	88,011.66
99-032	03/26/1999	9/1/2003	WPDES Permit Streamlining	34,400.50	16,708.85
99-034	04/20/1999	9/1/2004	IT-Migration/Infrastructure	273,586.27	130,889.59
99-035	04/20/1999	9/1/2002	Point-of-Sale License Terminals/Printers	50,570.00	16,136.21
99-038	04/20/1999	3/1/2002	Car-Straightening System	33,700.00	6,320.83
99-039	04/20/1999	3/1/2002	Computer Equipment	36,951.80	6,930.73
99-040	05/13/1999	3/1/2002	DASD for DoIT	58,840.00	11,282.63
99-042	05/13/1999	3/1/2002	PC/Laptops/Printers for BEITA	87,835.95	16,842.61
99-046	05/13/1999	3/1/2002	Systems Furniture for Fox Valley	52,757.96	10,116.40
99-047	05/13/1999	3/1/2002	Systems Furniture - GEF Surge Locations	138,846.00	26,623.84
99-048	05/13/1999	9/1/2005	DOT Motor Vehicle Database Re-design	149,827.64	102,353.53
99-049	05/13/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	188,141.35	122,128.95
99-050	05/13/1999	3/1/2002	Information System - State Crime Labs	226,722.50	23,074.26
99-051	05/13/1999	9/1/2003	WPDES Permit Streamlining	73,342.00	36,614.38
99-053	05/13/1999	3/1/2006	vfh Trunking Infrastructure	311,250.00	15,322.05
99-054	05/13/1999	3/1/2006	vhf Trunking Infrastructure	311,250.00	31,758.87

OUTSTANDING MASTER LEASE SCHEDULES^(a) –Continued
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
99-056	05/25/1999	3/1/2004	Truck for UW-Madison CALS	17,032.00	9,591.59
99-058	05/25/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	148,513.79	96,890.59
99-059	05/25/1999	9/1/2005	DOT Motor Vehicle Database Re-design	92,165.37	63,249.93
99-060	08/12/1999	9/1/2005	BadgerNet - Phase 1/2 (Equipment & Service)	2,225,241.00	1,225,571.87
99-063	06/04/1999	9/1/2002	Point-of-Sale License Terminals/Printers	35,035.00	11,576.77
99-064	06/04/1999	9/1/2004	IT Migration/Infrastructure	27,536.68	16,923.31
99-066	06/21/1999	3/1/2002	PCs for Academic Computing	233,250.00	46,400.37
99-067	06/21/1999	3/1/2004	Trucks for UW-Madison CALS/Research Stations	39,128.00	21,321.82
99-068	06/21/1999	3/1/2003	IT Infrastructure for Learning Innovations	120,463.65	52,319.36
99-070	06/21/1999	3/1/2002	PCs for Terrestrial Eco System Research	46,038.00	8,149.87
99-071	06/21/1999	9/1/2003	WPDES Permit Streamlining	48,026.50	24,530.80
99-072	06/21/1999	9/1/2004	Systems Furniture-1 W Wilson	233,538.68	144,747.08
99-073	06/21/1999	3/1/2003	Software for Statewide UCC System	95,000.00	41,260.06
99-075	07/02/1999	3/1/2002	Spectrometer-Newborn Program	227,348.86	45,740.49
99-078	07/02/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	148,737.41	98,635.19
99-079	07/02/1999	9/1/2005	DOT Motor Vehicle Database Re-design	134,498.65	93,685.37
99-081	07/20/1999	3/1/2002	Personal Computers/IT Equipment	20,096.00	4,117.20
99-082	07/20/1999	3/1/2004	Trucks	33,138.00	18,354.71
99-083	07/20/1999	3/1/2003	Tractor	21,708.00	8,593.79
99-084	07/20/1999	3/1/2004	Front-End Loader/Bucket	50,000.00	29,015.90
99-087	07/20/1999	9/1/2004	Systems Furniture-1 W Wilson	314,391.44	197,672.47
99-089	08/12/1999	3/1/2004	Trucks	100,043.00	57,703.02
99-090	08/12/1999	9/1/2002	Ethernet Network Trg	16,719.50	6,284.14
99-093	08/12/1999	9/1/2005	DOT Motor Vehicle Database Re-design	90,222.71	63,885.39
99-094	08/12/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	101,451.25	68,505.23
99-095	08/12/1999	9/1/2002	Point-of-Sale License Terminals/Printers	60,550.00	21,208.28
99-096	08/12/1999	9/1/2003	WPDES Permit Streamlining	54,102.25	28,549.30
99-097	08/12/1999	9/1/2003	Upgrades to TIME System	115,674.08	61,040.22
99-098	08/12/1999	3/1/2003	UCC Statewide System	250,000.00	112,727.31
99-101	09/02/1999	9/1/2005	DOT Motor Vehicle Database Re-design	69,970.84	49,921.05
99-102	09/02/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	23,425.32	15,950.95
99-106	09/02/1999	9/1/2003	Upgrades to TIME System	115,674.08	61,779.30
99-107	09/02/1999	9/1/2004	Systems Furniture-1 W Wilson	51,491.57	33,051.45
99-108	09/02/1999	3/1/2003	CSU/DSU-BadgerNet Connections	164,870.00	74,612.97
99-109	09/02/1999	9/1/2002	Tractors - Arlington/Spooner	92,557.00	32,958.99
99-111	09/20/1999	9/1/2005	BadgerNet-Aurora	407,992.00	295,367.95
99-112	09/20/1999	3/1/2003	UCC Statewide System	127,600.00	59,100.39
99-113	09/20/1999	3/1/2006	vfh Trunking Infrastructure	792,578.64	591,139.35
99-114	09/20/1999	3/1/2006	vfh Trunking Infrastructure	792,578.63	591,139.34
99-116	09/20/1999	3/1/2005	DOT Motor Vehicle Database Y2K Updates	107,130.70	73,511.55
99-117	09/20/1999	9/1/2005	DOT Motor Vehicle Database Re-design	53,228.36	38,240.68
99-118	09/20/1999	9/1/2002	Ethernet Network Equip	108,538.38	39,244.21
99-119	09/20/1999	9/1/2002	IT Equipment	133,088.50	47,910.54
99-120	10/13/1999	9/1/2002	Tractor-Lancaster	37,276.80	13,753.21
99-121	10/13/1999	9/1/2004	Trucks	26,830.00	17,568.68
99-123	10/13/1999	3/1/2004	Front-End Loader/Bucket	46,100.00	28,005.05
99-124	10/13/1999	9/1/2002	Laptop Computers -LAB	17,169.56	6,138.25
99-127	10/13/1999	9/1/2003	WPDES Permit Streamlining	23,584.00	12,923.99
99-128	10/29/1999	3/1/2005	DOT Motor Vehicle Database Re-design	90,303.22	63,045.25
99-131	10/29/1999	9/1/2002	Mobile Computers-Wardens	387,975.00	145,204.43
99-133	10/29/1999	3/1/2003	Statewide UCC System-Host	100,000.00	47,680.49
99-134	11/19/1999	3/1/2004	Trucks	115,449.00	58,905.78
99-135	11/19/1999	9/1/2004	Laptops LAB/Server	130,348.02	84,805.26
99-136	11/19/1999	3/1/2005	DOT Motor Vehicle Database Re-design	35,242.50	24,823.11
99-138	11/19/1999	9/1/2002	Mobile Computers-Wardens	126,320.80	48,138.75
99-139	11/19/1999	9/1/2003	WPDES Permit Streamlining	12,320.00	6,909.94
99-140	11/19/1999	9/1/2004	Truck-Badger State Industries	63,800.00	42,530.67
99-141	12/13/1999	3/1/2006	vfh Trunking Infrastructure	141,171.36	30,114.99
99-142	12/13/1999	3/1/2006	vfh Trunking Infrastructure	141,171.37	30,115.00
99-145	12/13/1999	9/1/2004	Systems Furniture-1 W Wilson	230,726.74	155,704.86

OUTSTANDING MASTER LEASE SCHEDULES^(a) –Continued
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
99-149	12/30/1999	3/1/2003	StateWide UCC Host Software	305,000.00	152,363.22
99-150	12/30/1999	9/1/2002	EtheNet IT Equipment	3,017.79	1,194.49
00-001	01/18/2000	3/1/2004	Trucks	41,345.00	26,537.92
00-002	01/18/2000	9/1/2004	Systems Furniture-Learning Innovations	244,494.44	168,047.28
00-004	01/18/2000	9/1/2002	Mobile PCs-Wardens	93,780.00	37,833.69
00-005	01/18/2000	9/1/2002	Laptops/IT Equip-LAB	75,901.82	30,621.10
00-006	02/07/2000	3/1/2005	University Information System	131,315.23	95,856.56
00-007	02/07/2000	3/1/2003	Call Management System-Delinquent Taxes	103,360.49	53,250.95
00-009	02/07/2000	9/1/2005	BadgerNet Phases 3&4	11,809,001.00	7,574,906.27
00-010	02/07/2000	9/1/2006	CADD -Computer Aid Dispatch System	478,610.00	144,664.49
00-016	02/29/2000	9/1/2004	Systems Furniture-1 W Wilson	115,452.49	81,085.92
00-018	03/21/2000	3/1/2003	PCs	57,188.44	19,868.65
00-019	03/21/2000	3/1/2004	LTSB IT Infrastructure - LAB Move	26,975.96	17,975.63
00-020	03/21/2000	3/1/2005	Statewide Child Welfare System (WISACWIS)	530,375.54	395,174.08
00-021	03/21/2000	3/1/2003	PCs for BEITA	112,465.00	60,086.61
00-024	04/13/2000	3/1/2005	University Information System Phase 2	25,512.50	19,201.99
00-025	04/13/2000	3/1/2003	Wisconsin Waters Initiative - IT/Software	123,671.82	67,304.71
00-026	04/13/2000	9/1/2004	Systems Furniture-1 W Wilson	206,791.47	148,565.67
00-028	04/13/2000	3/1/2003	AlphaServers-DNRORACLE/APS	152,642.71	83,071.26
00-029	04/13/2000	3/1/2003	State-Wide UCC System	100,000.00	54,422.03
00-030	04/13/2000	3/1/2005	Statewide Child Welfare System (WISACWIS)	167,811.20	126,303.10
00-031	04/28/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	569,400.00	564,912.68
00-032	04/28/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	1,450,000.00	1,438,572.88
00-034	04/28/2000	3/1/2003	Upgrade/Expand Call Management System	96,130.17	53,001.34
00-035	04/28/2000	3/1/2004	IT Servers/Cabling - LAB Move	113,720.04	77,503.75
00-036	04/28/2000	3/1/2005	Development of SHRS	82,615.00	62,625.01
00-037	04/28/2000	3/1/2005	TAXABLE Development of SHRS	82,185.00	63,018.55
00-038	04/28/2000	9/1/2003	Upgrade to TIME System - Final Pay	154,232.09	96,560.01
00-039	04/28/2000	3/1/2003	CISCO EtherNet LAN Equip	711,227.00	392,134.67
00-040	04/28/2000	3/1/2003	IT Upgrades	242,209.54	88,591.64
00-042	05/18/2000	3/1/2005	Development of SHRS	29,870.00	22,863.44
00-043	05/18/2000	9/1/2003	Wet Ground Suppression Vehicles	196,000.00	100,166.71
00-044	05/18/2000	3/1/2003	IT Equipment-Department-Wide Use	88,185.50	49,494.57
00-045	05/18/2000	3/1/2015	WEI 3 - UW-Madison Biotron Facility	74,600.00	74,002.77
00-046	05/26/2000	3/1/2005	Statewide Child Welfare System (WISACWIS)	67,054.60	51,521.73
00-047	05/26/2000	3/1/2003	IT/Develop Graphic Applications	54,308.00	30,698.62
00-048	05/26/2000	3/1/2003	PCs	419,000.20	27,968.93
00-049	05/26/2000	3/1/2004	Golf Course Maintenance Equipment	71,489.00	49,593.14
00-050	05/26/2000	3/1/2007	Dig Microwave Comm Infra Equipment	1,343,109.85	1,024,704.99
00-052	05/26/2000	3/1/2003	Wis. Waters Initiative - GPS Unit	52,329.10	22,627.20
00-054	06/20/2000	9/1/2004	Systems Furniture	151,819.10	113,133.13
00-055	06/20/2000	3/1/2003	PCs/Scanning Unit	136,649.78	75,624.58
00-057	06/20/2000	3/1/2005	University Information System	17,971.50	13,967.39
00-058	06/20/2000	3/1/2003	Tractor - Hancock Ag Research	31,698.00	18,310.47
00-059	06/20/2000	3/1/2003	PCs/Hardware/Software	156,716.25	90,527.73
00-060	06/20/2000	3/1/2005	Development of SHRS	32,972.50	25,626.13
00-061	06/30/2000	3/1/2003	UCC Statewide System (Software)	200,000.00	116,617.50
00-062	06/30/2000	3/1/2004	IT Lan Infrastructure-New DOR Build Phase 2	295,204.85	124,214.23
00-063	06/30/2000	9/1/2004	Systems Furniture	167,421.33	125,468.29
00-064	06/30/2000	3/1/2003	PCs/Lan EtherNet	165,162.64	96,304.26
00-065	06/30/2000	3/1/2005	Statewide Child Welfare System (WISACWIS)	282,514.40	220,660.93
00-066	06/30/2000	3/1/2003	IT Infrastructure Hardware/Software	285,486.27	108,154.72
00-067	06/30/2000	3/1/2003	IT Equipment/Graphic App Development	37,084.20	21,623.34
00-068	06/30/2000	3/1/2015	WEI 3 - Energy Project	32,594.00	31,287.22
00-069	07/19/2000	3/1/2005	Statewide Child Welfare System (WISACWIS)	77,056.00	60,756.80
00-070	07/19/2000	3/1/2005	Development of SHRS	24,432.50	19,264.43
00-071	07/19/2000	3/1/2004	IT Infrastructure-22 E Mifflin (LAB)	36,450.00	26,168.49
00-072	07/19/2000	3/1/2003	Personal Computers - Academic	62,260.00	36,963.99
00-073	07/19/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	624,000.00	618,147.02
00-074	07/19/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	1,800,000.00	1,783,116.40
00-075	07/19/2000	3/1/2003	Digital Cameras-Wis Water Initiative	18,840.00	11,185.37
00-076	08/07/2000	9/1/2005	BadgerNet-VOTS Phase 4	53,661.00	45,179.45
00-077	08/07/2000	3/1/2005	University Information System	146,631.22	118,665.71
00-078	08/07/2000	3/1/2004	Systems Furniture-FLR7	50,055.45	37,152.09

OUTSTANDING MASTER LEASE SCHEDULES^(a) –Continued
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
00-079	08/07/2000	9/1/2005	Statewide Child Welfare System (WISACWIS)	261,316.80	217,601.46
00-081	08/07/2000	9/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	501,520.00	492,429.89
00-082	08/07/2000	3/1/2003	IT Equipment-Department Wide Use	83,517.00	51,928.31
00-083	08/25/2000	9/1/2005	BadgerNet Deforest Phase 4	114,352.00	95,955.92
00-084	08/25/2000	3/1/2004	Systems Furniture	61,298.58	45,344.88
00-085	08/25/2000	9/1/2004	Learning Innovations - Video Conf. Equipment	72,418.63	56,299.32
00-086	08/25/2000	3/1/2015	WEI 3 - Energy Project	102,562.00	99,153.13
00-087	08/25/2000	9/1/2005	Heidelberg 4-Color Press	300,000.00	248,978.31
00-089	08/25/2000	3/1/2003	SWEEP Anti-Virus Software	70,000.00	43,378.35
00-090	08/25/2000	9/1/2003	PCs	434,326.80	299,507.38
00-091	08/25/2000	9/1/2005	Statewide Child Welfare System (WISACWIS)	236,636.00	196,390.77
00-093	08/25/2000	9/1/2007	Vapor Testing Units	94,170.00	57,336.70
00-094	09/29/2000	3/1/2005	Wisc Water Initiative - Develop Data System	18,500.00	15,043.11
00-095	09/29/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	312,000.00	304,867.38
00-096	09/29/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	750,000.00	732,854.29
00-097	09/29/2000	9/1/2015	WEI 3 - UW-Milwaukee Phase 2	364,820.00	350,651.33
00-099	09/29/2000	3/1/2003	IT Infrastructure Equipment	74,704.18	47,547.98
00-100	09/29/2000	9/1/2007	Vapor Testing	249,889.00	189,100.82
00-101	09/29/2000	3/1/2003	Systems Furniture-22 E Mifflin	194,000.00	123,477.80
00-102	09/29/2000	9/1/2005	Configuration/Install Server OATS	363,733.60	303,646.11
00-103	09/29/2000	3/1/2005	University Information System	29,520.14	24,004.05
00-105	09/29/2000	3/1/2005	Auto Hematology System	110,000.00	89,445.55
00-106	10/16/2000	9/1/2004	New Building IT Infrastructure/UPS	1,466,827.00	842,767.25
00-107	10/16/2000	9/1/2007	Mass Spectrometer	298,450.00	222,314.66
00-108	10/16/2000	9/1/2015	WEI-3 Project Milwaukee Phase 2	413,798.00	398,490.55
00-109	10/16/2000	9/1/2004	Learning Innovations - Video Conf. Equipment	20,079.00	15,948.90
00-110	10/16/2000	9/1/2003	Server for OATS	60,000.00	42,829.84
00-111	10/16/2000	9/1/2003	Network Infrastructure Equip	201,873.83	144,103.75
00-112	10/16/2000	9/1/2002	Vid Conf Equipment - EtherNet Upgrades	15,500.00	8,482.78
00-113	11/22/2000	9/1/2005	BadgerNet Phase 5	2,662,847.00	928,609.86
00-115	11/02/2000	9/1/2003	IT Servers	123,255.00	89,237.28
00-116	11/02/2000	9/1/2005	Heidelberg Press	302,900.00	256,937.24
00-117	11/02/2000	9/1/2003	Orchard Sprayer - Penin Ag Research Stat	11,802.00	8,544.71
00-118	11/02/2000	9/1/2003	Configuration/Install Server OATS	22,900.00	16,579.72
00-119	11/02/2000	9/1/2005	Development of Child Wel Sys (WISACWIS)	260,684.00	221,127.20
00-120	11/02/2000	9/1/2015	WEI-3 Project Milwaukee Phase 2	276,714.00	266,962.60
00-121	11/02/2000	9/1/2015	WEI-3 Project Milwaukee Phase 3	292,169.21	281,873.18
00-125	11/22/2000	9/1/2005	Development of Child Wel Sys (WISACWIS)	164,251.20	140,714.20
00-126	11/22/2000	9/1/2003	PC Replacement	217,130.58	160,073.22
00-127	11/22/2000	3/1/2005	University Information System	42,473.95	35,565.60
00-128	11/22/2000	9/1/2015	WEI 3 - Project Winnebago MHI	364,307.50	352,275.64
00-129	11/22/2000	3/1/2015	WEI 3 - UW-Madison Biotron Facility	131,710.25	128,699.23
00-130	11/22/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	450,000.00	439,712.57
00-131	11/22/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	1,200,000.00	1,172,566.86
00-132	11/22/2000	9/1/2015	WEI 3 - UW-Waukesha Center	78,880.00	76,274.86
00-133	12/18/2000	9/1/2005	Mail Inserter - Printing Services	824,025.00	666,628.41
00-135	12/18/2000	9/1/2015	WEI 3 - Energy Project	182,598.00	177,099.76
00-136	12/18/2000	9/1/2005	Development of Child Wel Sys (WISACWIS)	1,854,340.34	1,609,608.53
00-137	12/18/2000	3/1/2005	Wis. Water Initiative - Web Development	22,326.00	18,975.60
00-138	12/18/2000	3/1/2005	Wis. Water Initiative - Data System Dev	138,000.00	40,005.28
00-139	12/18/2000	9/1/2003	Various IT Servers	212,049.82	160,158.02
00-140	12/18/2000	9/1/2003	Storage Saver Solution System	313,477.52	236,764.82
00-141	12/18/2000	9/1/2004	Infrastructure/Wiring - 1 East Main	97,738.75	80,823.12
00-142	12/18/2000	9/1/2015	WEI-3 Project Milwaukee Phase 3	516,614.64	501,058.72
00-144	12/18/2000	9/1/2015	WEI-3 Project Milwaukee Phase 2	391,860.00	380,060.59
00-145	12/18/2000	3/1/2005	University Info System	258,085.26	219,355.14
00-146	12/29/2000	9/1/2015	WEI-3 Project Milwaukee Phase 2	351,434.00	341,289.98
00-147	12/29/2000	9/1/2015	WEI-3 Project Milwaukee Phase 3	216,443.15	210,195.60
00-148	12/29/2000	9/1/2015	WEI 3 - Energy Project	79,455.00	77,161.56
00-149	12/29/2000	9/1/2015	WEI 3 - Energy Project	85,000.00	82,546.50
00-150	12/29/2000	3/1/2003	UCC Software	70,000.00	49,291.72
00-151	12/29/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	452,800.00	442,448.56
00-152	12/29/2000	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	350,000.00	341,998.67
00-153	12/29/2000	9/1/2004	Truck Lift	12,300.00	10,246.85
00-154	12/29/2000	9/1/2003	Replacement PCs - Phase 3	416,025.14	285,036.68

OUTSTANDING MASTER LEASE SCHEDULES^(a) –Continued
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
00-155	12/29/2000	9/1/2004	Video Equipment - Learning Innovations	97,227.52	80,998.00
01-001	02/01/2001	9/15/2015	WEI 3 - Energy Project	33,274.50	32,439.73
01-003	02/01/2001	3/1/2004	Replacement PCs	610,880.32	504,239.65
01-004	02/01/2001	9/1/2003	Systems Furniture-Milw. Office Bldg	183,743.00	49,345.48
01-005	02/01/2001	3/1/2004	Data Capture System-Tax Returns	132,804.81	96,416.08
01-006	02/01/2001	9/1/2004	A/V Presentation System-Learn Innovation	19,947.00	16,998.24
01-007	02/01/2001	3/1/2016	WEI-3 Project Milwaukee Phase 4	794,500.00	775,566.89
01-008	02/01/2001	3/1/2015	WEI 3 - Energy Project	27,812.00	27,076.65
01-009	02/01/2001	9/1/2015	WEI-3 Project Milwaukee Phase 3	140,829.20	137,296.17
01-010	02/01/2001	9/1/2015	WEI-3 Project Milwaukee Phase 2	256,062.00	249,638.08
01-011	02/01/2001	9/1/2015	WEI 3 - Energy Project	85,000.00	82,867.58
01-012	02/01/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	200,000.00	194,712.03
01-013	02/01/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	350,000.00	340,746.04
01-014	02/22/2001	3/1/2014	IT Network Equipment	233,584.32	196,122.70
01-015	02/22/2001	9/1/2004	Grounds Equipment	79,202.00	68,473.70
01-016	02/22/2001	3/1/2004	IT Servers-Learning Innovations	26,605.00	22,338.16
01-017	02/22/2001	3/1/2003	Bobcat Skid Loader	17,220.00	12,961.91
01-018	02/22/2001	3/1/2006	Development of Child Wel Sys (WISACWIS)	296,455.40	269,611.93
01-019	02/22/2001	9/1/2004	IT Equipment-Move to 3099 E Wash Avenue	1,166,368.64	1,008,378.27
01-020	02/22/2001	3/1/2010	WEI 3 - Energy Project	17,046.00	16,292.85
01-021	02/22/2001	3/1/2004	Copy Equipment	1,205,835.00	1,012,446.43
01-022	03/27/2001	9/1/2004	IT Equipment-Move to 3099 E. Washington	189,260.31	167,721.68
01-024	03/27/2001	3/1/2006	Development of Child Wel Sys (WISACWIS)	381,614.40	352,822.06
01-025	03/27/2001	3/1/2016	WEI 3 - Energy Project	160,584.00	157,733.50
01-027	03/27/2001	3/1/2005	Develop Data Systems for Wise Water Initiative	30,657.00	27,660.36
01-028	03/27/2001	3/1/2006	A/V Equipment	41,460.00	30,668.10
01-029	03/27/2001	9/1/2015	WEI-3 Project Milwaukee Phase 2	256,912.00	252,109.44
01-030	03/27/2001	9/1/2015	WEI-3 Project Milwaukee Phase 3	129,036.87	126,624.73
01-031	03/27/2001	3/1/2016	WEI-3 Project Milwaukee Phase 4	93,375.00	91,717.51
01-032	03/27/2001	3/1/2005	University Information System	24,946.00	22,507.59
01-033	03/27/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	998,500.00	978,821.38
01-034	03/27/2001	3/1/2015	WEI 3 - UW-Madison Biotron Facility	73,838.75	72,383.52
01-035	03/27/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	151,040.00	148,063.27
01-036	03/27/2001	9/1/2015	WEI 3 - Energy Project	92,000.00	90,280.21
01-037	04/17/2001	3/1/2014	WEI 3 - Energy Project	286,000.00	280,494.19
01-038	04/17/2001	3/1/2006	Golf Course Maintenance Equipment	77,787.00	72,613.40
01-039	04/17/2001	9/1/2015	WEI 3 - Energy Project	53,534.00	52,658.20
01-040	04/17/2001	3/1/2004	IT Network Upgrades	69,010.22	60,711.58
01-041	04/17/2001	9/1/2004	IT Equipment-Move to 3099 E Wash Avenue	116,392.95	104,658.60
01-042	04/17/2001	3/1/2008	Ice Cream Processing Equipment	99,390.00	94,999.02
01-043	05/09/2001	9/1/2013	WEI 3 - Green Bay Correctional Project	14,040.00	13,799.16
01-044	05/09/2001	9/1/2004	IT Equipment-Move to 3099 E Wash Avenue	54,016.07	49,371.97
01-045	05/09/2001	3/1/2006	Development of Child Wel Sys (WISACWIS)	69,519.20	65,598.12
01-046	05/09/2001	3/1/2005	Data System Development - Wis Water Initiative	15,600.00	14,453.08
01-047	05/09/2001	3/1/2006	A/V Equipment	64,579.00	60,936.56
01-048	05/09/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	25,000.00	24,637.19
01-049	05/09/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	250,000.00	246,371.93
01-050	05/09/2001	9/1/2015	WEI-3 Project Milwaukee Phase 2	50,477.20	49,782.57
01-051	05/09/2001	9/1/2015	WEI-3 Project Milwaukee Phase 3	24,025.89	23,695.26
01-052	05/09/2001	3/1/2016	WEI 3 - UW-Madison Sections 1&2	484,510.00	478,180.33
01-053	05/09/2001	3/1/2014	WEI 3 - Energy Project	277,000.00	272,512.33
01-054	05/30/2001	3/1/2006	Grain Truck	72,885.00	69,497.63
01-055	05/30/2001	9/1/2005	BadgerNet Phase 6	711,716.00	674,688.43
01-056	05/30/2001	3/1/2004	IT/Development Applications	43,462.00	39,745.45
01-057	05/30/2001	9/1/2013	WEI 3 - Green Bay Correctional Project	20,500.00	20,212.34
01-058	05/30/2001	3/1/2010	WEI 3 - Jackson Correctional Project	55,707.00	54,474.27
01-059	05/30/2001	3/1/2016	WEI 3 - Energy Project Medota MHI	153,466.00	151,827.23
01-060	05/30/2001	3/1/2006	Development of Child Wel Sys (WISACWIS)	78,639.20	74,984.40
01-061	05/30/2001	3/1/2006	Systems Furniture	142,255.44	135,644.04
01-062	05/30/2001	3/1/2001	Furnishings for Millenium Hall	124,271.30	45,057.99
01-063	05/30/2001	3/1/2005	University Information System	36,642.20	34,415.30
01-064	05/30/2001	9/1/2004	Grounds and Maintenance Equip	54,645.00	50,752.26
01-065	05/30/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	88,700.00	87,647.55
01-066	05/30/2001	3/1/2015	WEI 3 - UW-Madison Biotron Facility	63,011.00	62,263.36

OUTSTANDING MASTER LEASE SCHEDULES^(a) –Continued
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
01-067	05/30/2001	3/1/2014	WEI 3 - Energy Project	235,800.00	232,675.61
01-068	05/30/2001	9/1/2014	Network/IT Cabling - 1 E Main	16,591.25	15,409.34
01-069	05/30/2001	3/1/2016	WEI 3 - UW-Platteville Residence Halls	319,552.00	316,139.69
01-070	06/28/2001	3/1/2004	IT Equipment/Develop Graphic Apps	26,286.28	12,665.75
01-071	06/28/2001	9/1/2013	WEI 3 - Green Bay Correctional Project	20,500.00	20,299.04
01-072	06/28/2001	9/1/2004	IT Equipment-Move to 3099 E Wash Avenue	105,327.66	99,992.46
01-073	06/28/2001	3/1/2016	WEI 3 - Energy Project Medota MHI	13,500.00	13,399.39
01-074	06/28/2001	3/1/2004	IT Equipment-State Justice Center	398,033.00	373,723.03
01-075	06/28/2001	3/1/2004	IT and Other Equipment- Wise Water Initiative	295,603.98	277,549.89
01-076	06/28/2001	3/1/2004	PC Replacement Round 3	176,043.95	165,292.02
01-077	06/28/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 1	45,208.00	44,833.50
01-078	06/28/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	40,300.00	39,966.16
01-079	06/28/2001	3/1/2014	WEI 3 - Energy Project	240,550.00	238,323.81
01-080	06/28/2001	9/1/2015	WEI 3 - UW-Milwaukee Phase 2	36,145.20	35,861.37
01-081	06/28/2001	3/1/2016	WEI 3 - UW-Platteville Residence Halls	442,300.00	439,003.76
01-082	06/28/2001	9/1/2003	Gas Chromatograph	35,880.00	33,142.43
01-083	07/18/2001	3/1/2006	Development of Child Wel Sys (WISACWIS)	69,519.20	67,941.47
01-084	07/18/2001	3/1/2006	Development of State-wide Child Wel Sys (WISACWIS)	2,026,986.00	1,987,792.68
01-085	07/18/2001	3/1/2004	IT Equipment - State Justice Center	178,676.72	171,056.01
01-086	07/18/2001	3/1/2004	IT Equipment - Department-wide Apps	105,184.47	100,737.91
01-087	07/18/2001	3/1/2005	Suburban	31,167.00	23,638.27
01-088	08/02/2001	3/1/2004	IT Develop Graphics Apps	25,378.00	25,378.00
01-089	08/02/2001	9/1/2004	IT Infrastructure Equip-Regional Offices	228,502.00	228,502.00
01-090	08/02/2001	9/1/2004	Oracle Licenses	600,322.50	600,322.50
01-091	08/02/2001	9/1/2006	Concrete State Silo/Silo Loader	16,886.00	16,886.00
01-092	08/02/2001	3/1/2016	WEI 3 - Energy Project	138,000.00	138,000.00
01-093	08/02/2001	3/1/2014	WEI 3 - Energy Project	165,450.00	165,450.00
01-094	08/02/2001	3/1/2016	WEI 3 - UW-Madison Section 1&2	307,262.00	307,262.00
01-095	08/02/2001	3/1/2015	WEI 3 - UW-Madison Charter Street Phase 2	22,150.00	22,150.00
01-096	08/31/2001	3/1/2006	Tunstiles	36,470.00	36,470.00
01-097	08/31/2001	9/1/2004	Trolley Trailers	49,580.00	49,580.00
01-098	08/31/2001	9/1/2004	Various Equipment/Dbase Development	70,470.96	70,470.96
01-099	08/31/2001	9/1/2004	IT Equipment for State Justice Center	83,008.00	83,008.00
01-100	08/31/2001	9/1/2006	Development of Child Wel Sys (WISACWIS)	218,624.20	218,624.20
01-101	08/31/2001	9/1/2006	Development of State-wide Child Wel Sys (WISACWIS)	1,640,618.00	1,640,618.00
01-102	08/31/2001	3/1/2004	IT Develop Graphic Applications	2,575.17	2,575.17
01-104	08/31/2001	9/1/2013	WEI 3 - Green Bay Correctional Project	7,490.00	7,490.00
01-105	08/31/2001	3/1/2014	WEI 3 - Energy Project	107,950.00	107,950.00
01-106	08/31/2001	3/1/2016	WEI 3 - Energy Project Medota MHI	28,700.00	28,700.00
01-107	08/31/2001	3/1/2016	WEI 3 - UW-Platteville Residence Halls	278,000.00	278,000.00
01-108	08/31/2001	9/1/2008	Office/Systems Furniture-State Justice Center	130,885.20	130,885.20
01-109	09/28/2001	9/1/2004	IT Equipment-Move to 3099 E Wash Avenue	34,863.11	34,863.11
01-110	09/28/2001	3/1/2016	WEI 3 - Energy Project	435,980.00	435,980.00
01-111	09/28/2001	9/1/2004	Automated Document Factory	659,080.00	659,080.00
01-112	09/28/2001	9/1/2004	GPS Units for Wise Water Initiative	39,672.25	39,672.25
01-113	09/28/2001	9/1/2006	Development of State-wide Child Wel Sys (WISACWIS)	1,079,353.00	1,079,353.00
01-114	09/28/2001	9/1/2004	IT Equipment - State Justice Center	252,782.06	252,782.06
01-115	09/28/2001	3/1/2006	Systems Furniture-Phase 2	30,520.59	30,520.59
01-116	09/28/2001	3/1/2005	Vehicles	24,423.00	24,423.00
01-117	09/28/2001	9/1/2015	WEI 3 - Energy Project	20,965.00	20,965.00
01-118	09/28/2001	9/1/2004	PCs for Student Academic Lab	94,950.00	94,950.00
01-119	09/28/2001	9/1/2008	Development of Integrated Corrections System (ICS)	262,533.25	262,533.25
01-120	09/28/2001	3/1/2016	WEI 3 - UW-Milwaukee Phase 4	45,000.00	45,000.00
01-121	09/28/2001	3/1/2014	WEI 3 - Energy Project	67,000.00	67,000.00
01-122	09/28/2001	3/1/2016	WEI 3 - Energy Project	62,800.00	62,800.00
01-123	09/28/2001	3/1/2015	WEI 3 - UW-Madison Section 1&2	26,650.00	26,650.00
01-124	09/28/2001	3/1/2004	IT Equipment	9,264.00	9,264.00
01-125	09/28/2001	9/1/2016	WEI 3 - Energy Project	666,252.00	666,252.00
01-126	10/24/2001	3/1/2004	IT Equipment/Graphic Apps	1,300.00	1,300.00
01-127	10/24/2001	9/1/2008	Systems Furniture-State Justice Center	395,554.99	395,554.99
01-128	10/24/2001	3/1/2008	Ice Cream Equipment	198,780.00	198,780.00
01-129	10/24/2001	9/1/2008	Development of Integrated Corrections System (ICS)	317,181.00	317,181.00

OUTSTANDING MASTER LEASE SCHEDULES^(a) –Continued
(As of January 1, 2002)

<u>Schedule</u>	<u>Origin Date</u>	<u>Maturity Date</u>	<u>Equipment</u>	<u>Amount Financed</u>	<u>Principal Balance</u>
01-130	10/24/2001	9/1/2006	Development of State-wide Child Wel Sys (WISACWIS)	1,542,845.00	1,542,845.00
01-131	10/24/2001	9/1/2004	IT Equipment - State Justice Center	12,176.00	12,176.00
01-132	10/24/2001	9/1/2004	Truck	24,927.00	24,927.00
01-133	11/21/2001	9/1/2016	WEI 3 - Energy Project	487,245.20	487,245.20
01-134	11/21/2001	9/1/2008	Development of Integrated Corrections System (ICS)	184,092.60	184,092.60
01-135	11/21/2001	9/1/2006	Development of State-wide Child Wel Sys (WISACWIS)	566,525.00	566,525.00
01-136	11/21/2001	3/1/2006	Development of Child Wel Sys (WISACWIS)	1,870,773.26	1,870,773.26
01-137	11/21/2001	9/1/2004	Dbase Development - Wis Water Initiative	58,611.72	58,611.72
01-138	11/21/2001	3/1/2016	WEI 3 - UW-Platteville Residence Halls	334,050.00	334,050.00
01-139	11/21/2001	9/1/2004	Virtual Tape Hardware	639,520.00	639,520.00
01-140	11/21/2001	9/1/2008	System Furniture - State Justice Center	1,034,582.00	1,034,582.00
01-141	11/21/2001	3/1/2004	Systems Furniture - FR 7	6,916.00	6,916.00
01-142	12/28/2001	9/1/2003	IBM Mainframe Computer	1,949,000.00	1,949,000.00
01-143	12/28/2001	9/1/2004	Automated Document Factory	329,454.00	329,454.00
01-144	12/28/2001	9/1/2006	Development of State-wide Child Wel Sys (WISACWIS)	486,784.00	486,784.00
01-145	12/28/2001	9/1/2004	IT Equipment - New State Justice Center	90,287.69	90,287.69
01-146	12/28/2001	9/1/2006	Portable X-Ray Machine	171,360.00	171,360.00
01-147	12/28/2001	3/1/2016	WEI 3 - Energy Project Medota MHI	51,210.00	51,210.00
01-148	12/28/2001	9/1/2013	WEI 3 - Green Bay Correctional Project	7,670.00	7,670.00
01-149	12/28/2001	9/1/2008	Systems and Office Furniture-State Justice Center	313,696.34	313,696.34
01-150	12/28/2001	9/1/2008	Development of Integrated Corrections System (ICS)	285,495.00	285,495.00
01-151	12/28/2001	3/1/2015	WEI 3 - UW-Madison Biotron Facility	23,675.00	23,675.00
01-152	12/28/2001	3/1/2016	WEI 3 - UW-Madison Section 1&2	587,298.00	587,298.00
				\$ 136,838,260.34	\$ 93,385,668.80

(a) If the maturity date of a Lease Schedule is later than the maturity date of the Certificates (September 1, 2007), it reflects an expectation that a balloon payment due on the final maturity date of the Certificates will be funded with additional master lease certificates of participation.

APPENDIX C

EXPECTED FORM OF LEGAL OPINION

Upon delivery of the Certificates, it is expected that Foley & Lardner will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner)

\$45,035,000

**Master Lease Certificates of Participation of 2002, Series A
(State of Wisconsin)**

We have served as bond counsel in connection with the issuance of \$45,035,000 Master Lease Certificates of Participation of 2002, Series A (State of Wisconsin), dated the date of their delivery (**Certificates**) and evidencing a proportionate interest of the owners thereof in certain lease payments to be made by the State of Wisconsin (**State**), acting by and through the Department of Administration (**Department**), as lessee, under the Third Amended and Restated Master Lease (**Master Lease**), dated as of April 28, 2000, between the State, acting by and through the Department, and Firststar Bank, National Association, as successor to Firststar Bank Milwaukee, N.A., as lessor.

The Master Lease was entered into pursuant to Section 16.76, Wisconsin Statutes, as amended (**Act**). The Certificates are being issued pursuant to the Master Indenture, dated as of July 1, 1996, among the State, acting by and through the Department, Firststar Bank Milwaukee, N.A., and Firststar Trust Company, as trustee, and the Supplemental Indenture No. 2002-A, dated as of January 15, 2002, among U.S. Bank National Association, as successor to Firststar Bank Milwaukee, N.A. (**Lessor**), U.S. Bank National Association, as successor to Firststar Trust Company, as trustee (**Trustee**), and the State, acting by and through the Department (**Supplemental Indenture**).

We examined the law, a certified copy of the proceedings relating to the issuance of the Certificates, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them. We have also relied upon opinions of counsel for the Trustee and the Lessor.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Certificates are valid obligations of the Trustee representing a proportionate interest in the lease payments assigned under the Supplemental Indenture.
2. The State is required to make the lease payments from any source of legally available funds, subject to annual appropriation. The obligation of the State to make the lease payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any tax or for which the State has levied or pledged any tax. The obligation of the State to make the lease payments does not constitute public debt of the State or any of its political subdivisions as defined under Chapter 18 of the Wisconsin Statutes.
3. Interest on the Certificates is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Certificates is taken into account in determining adjusted current earnings. This letter expresses no

opinion as to the federal income tax consequences resulting from ownership of the Certificates or the receipt by owners thereof of payments on the Certificates following the termination of the Master Lease resulting from an event of nonappropriation or an event of default thereunder. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the Certificates are issued for interest on the Certificates to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Certificates to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Certificates were issued. This letter expresses no opinion as to other federal tax law consequences regarding the Certificates.

The rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter expresses no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Certificates, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law.

Yours very truly,